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On behalf of all of us in FBIS I wish to express appreciation to our readers who have guided our efforts throughout the years.

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NEAR EAST/NORTH AFRICA REPORT

No. 2278

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'MAP' CITES TWO LETTERS ON SAHARAN ISSUE

LD131610 Rabat MAP in English 1242 GMT 13 Feb 81

[Text] Rabat, 13 Feb (MAP)--The Association of Natives of Saguia el Hamra and Rio de Oro (AOSARIO) addressed a letter to Algerian President Chadli Bendjedid, calling him to accept an international control on the destiny of families native of Moroccan Sahara and sequestrated in Tindouf.

The letter which was equally addressed to the U.N. secretary general and to the president of the European Parliament underlines the Sahara conflict remains, in spite of allegations to the contrary, a bilateral conflict opposing Morocco and Algeria and "can not find a solution unless the Algerian Government stopped using our destiny for hegemonic ends."

The letter adds that another aspect of the conflict is the ideological affinity between the Algerian regime and the international left that is solidary with Algeria, but remarks that "we were impressed these past months by a number of leftist intellectuals who did not hesitate to firmly and clearly condemn the behaviour of the Algerian politico-military apparatus, mainly for its refusal to apply international conventions, calling for the organization of census and the admission of authentication commission whose role would be to identify the natives of our provinces among the mercenaries brought from everywhere and massed in Tindouf."

Affirming that the Algerian Government's position cannot be credible except in the context of accepting an international control and authentication of the families who disappeared, are sequestrated or "those you call the Polisario," the AOSARIO underlined the legitimacy of its concern over the destiny of these families, as well as the legitimacy of riposting to the unjustified attacks directed against the motherland Morocco, and that "this riposte is particularly pertinent since it comes from the sons of the people who had made sacrifices in favor of the Algerian people in its struggle for independence."

On the other hand, Mr Yahdid Ould Bouchab, former "Polisario" official, addressed a letter to foreign ministers of countries bordering the Sahara, in which he underlined that "as a former official of the 'Polisario,' who had known for long months the hell of Tindouf camps, it is my duty to draw your attention on behalf of my Moroccan compatriots, to the tragic situation of the unfortunate populations coming from various Saharan regions and massed in camps, often against their will."

The letter adds that "it is from among this population that the Algero-Libyan coalition recruits mercenaries to perpetrate aggressions against Moroccan territory and entertain a dangerous tension in this region of Africa."

Mr Ould Bouchab calls in this letter upon the foreign ministers to insistantly ask Algerian and Libyan leaders to stop using these populations for absurd and vain hegemonic enterprises.

In conclusion, Mr Ould Bouchab pointed out that "the Algero-Libyan coalition insists on refusing to admit the failure of its criminal enterprise, and does not seem to attach any importance to the considerable losses that, for five years now, are decimating an unfortunate population that ignores the true issue of the conflict and which, as you know, comes from different nationalities including your own."

CSO: 4420

IRANIAN DELEGATION MEETS TUNISIAN PRIME MINISTER

GF140748 Tehran International Service in Arabic 0600 GMT 14 Feb 81

[Text] The Iranian delegation headed by Dr Mahmud Kashani, which is currently visiting Tunisia along with several other Iranian delegations visiting a number of Asian, African and European countries on the occasion of the second anniversary of the victory of the Iranian Islamic Revolution, met yesterday with Tunisian Prime Minister Mohamed Mzali. During the meeting the delegation delivered a message from Brother Mohammad 'Ali Raja'i to Mzali. The delegation explained the stands of the Islamic Republic of Iran in the field of foreign policy. The two sides also discussed Iranian-Tunisian relations.

The Tunisian prime minister declared his support for the Islamic Revolution in Iran and handed Dr Kashani a copy of an article published by Tunisian AL-FIKR prior to the victory of the Islamic Revolution in which the paper supported the revolution.

Dr Kashani numerated the foreign conspiracies against the Islamic Republic of Iran. Noting the Iraqi aggression against Iran, he said that the Iraqi Government, which could not tolerate the presence in the vicinity of a free state and a true democratic Islamic atmosphere, has become an obedient tool of conspiracy in the hands of the superpowers. This government imposed war on both the Iraqi and Iranaian Muslim peoples in order to prevent the fall of its dictator regime. In this way, the Iraqi regime has offered the enemies of Islam and the Islamic nation the greatest service.

Dr Kashani added: Despite rumors propagated by the Iraqi regime against the Islamic Republic of Iran, we feel strongly--following this visit--that Tunisian Muslims are able to see the truth for themselves.

At the conclusion of this meeting, held in a fraternal and friendly spirit, the Tunisian prime minister presented a copy of the Holy Koran to the head of the Iranian delegation.

CSO: 4402

ALUMINUM JOINT VENTURE CONCLUDED

Jiddah ARAB NEWS in English 11 Feb 81 p 3

[Text]

BAHRAIN, Feb. 10 — Saudi Arabia and five other Gulf countries signed Tuesday an agreement to set up an SR 240 million aluminum joint venture. The Kingdom will hold a 20 per cent equity in the Gulf Aluminum Rolling Mill Company and the remaining 80 per cent by Bahrain, Oman, Qatar, Iraq and Kuwait.

The signing ceremony was attended by Dr. Ghazi Algosaibi, representing Saudi Arabia and industry ministers of Kuwait, Abdul Wahab Al Nafisi; Qatar, Sheikh Faisal Thani Al Thani; Iraq, Taher Twefik; Oman, Muhammad Al Zubeir; and Bahrain, Yousef Shirawi.

The company, will invest, including a working capital, a total of SR 337 million It will have an annual capacity of 40,000 tons and production will start in late 1983.

In a statement after the ceremony, Dr. Algosaibi described the venture as an "important step toward developing aluminum industry" in the Arab Gulf. "We hope that this industry will be the forerunner of other integrated industries in the region."

Saudi Arabia's own plans for a large aluminum plant in Jubail was scrapped last year in favor of the Aluminum Bahrain plant, Alba, and to help the Bahraini government expand the plant to raise production to 170,000 tons a year. The Jubail plant was designed to produce 220,000 tons a year when in full production.

Since Alba was also planning to expand and the Dubai government was already buidling its own 135,000 tons a year plant, the Saudi Arabian government decided to avoid costly duplication and abandon its own aluminum project. The home market consumption of nearly 50,000 tons a year will be secured by the joint venture in Bahrain.

"Gulf industries must be based on integration and coordination," Algosaibi said. He emphasized the desire of the governments in the region to devise a new formula for cooperation.

Algosaibi made the announcement of cancellation in Bahrain's last May saying the move indicated Saudi Arabia's "deep commitment to industrial coordination among Gulf conntries." It was a significant step in bringing reality to agreements made by Arabian Gulf ministers who met in Doha, Qatar, at about the same time. The Doha conference ended with resolutions to streamline joint marketing of several industrial exports, establish central manpower training facilities and develop increased production of minerals, cement and petrochemicals. In addition to the six Gulf states, the conference was also attended by North Yemen.

CSO: 4820

ISLAMIC LEADERS URGED TO BREAK SOVIET TIES

Jiddah ARAB NEWS in English 14 Feb 81 p 3

[Text]

MECCA, Feb. 13 (SPA) — The World Supreme Council of Mosques called on all Islamic heads of state to sever relations with the Soviet Union, in relation for the hardships the Afghan people are enduring, including the destruction of mosques, cities and villages.

At the end of its sixth session, the council endorsed the Mecca Declaration and the resolutions of the third Islamic summit held in Saudi Arabia last month under the auspices of King Khaled, especially those pertaining to Palestine and Jerusalem. It called on Islamic states to let Koranic law govern all aspects of their daily life.

The council said it watched with great pain the bloody war between Iraq and Iran in which the continuation is having an adverse effect not only on the antagonists themselves, but also on world peace and economy. It urged the leaders of both countries to care for God, their own people and the Islamic world as a whole and put an end to the bloodshed. It also urged leaders of other Islamic countries to redouble their efforts to reconcile "the two brothers." The council decided in particular to address a cable to Habib Chatti, secretary general of the 42-nation Organization of the Islamic Conference, and ask him to convey the council's desire to members of the committee set up at the third Islamic summit to try to reconcile the two warring parties.

Moreover, the council sent a cable to King Khaled and Crown Prince Fahd to express gratitude for Saudi Arabia's constant assistance for the construction and renovation of mosques throughout the world.

As the meeting of the World Supreme Council of Mosques ended Wednesday evening, another conference was inaugurated at the headquarters of the Muslim World League here. Deputy Governor of Mecca, Prince Saud ibn Abdul Mohsen, on behalf of King Khaled, opened the fourth session of the board of the Islamic Fiq'h (Jurisprudence) Academy. He said that no secular system on earth could understand and respond to human needs as much as Islam. Therefore, he said, Muslims today need than ever to know everything about their religion which caters for every aspect of their daily life.

The Islamic Jurisprudence Academy was set up in 1964 by a resolution of a conference held at the league. It comprises religious scholars from around the world who issue rulings on legal questions regarding Islamic affairs. Its first session was opened three years ago, and members have met three times todate.

In his message read out by Prince Saud, King Khaled said that he emphasized in his speech at the third Islamic summit the Islamic world's need for such an academy. The same thing was stressed in the conference's final declaration.

CSO: 4820

ISLAMIC RADIO PROGRAMS REVIEWED

Jiddah ARAB NEWS in English 15 Feb 81 p 2

[Article by Javid Hasan]

[Text]

JEDDAH, Feb. 14 — The Islamic States Broadcasting Services Organization had a 235 per cent rise in radio programs broadcast last year, according to the organization's 1980 annual report.

The organization produced 600 hours of radio programs for its member states which include Saudi Arabia, Algeria, Guinea, Iraq, Kuwait, Libya, Maldives, Mali, Pakistan and Palestine.

It also has begun the TV production, "*Gawharat Al-Qasr*" *(Jewel of the Palace)* serial, dealing with the life of Imam Omar Ibn Abdul Aziz. Another TV production is the "*Mission of Martyrs*." A 15 part color serial that deals with an early phase of Islam when six companions of the Prophet challenged the Jews in their conspiracy against Islam.

The ISBO, which seeks to promote better relations among the Islamic states through an exchange of broadcasting and TV programs, has now under production another venture (not yet titled) in which artists from Egypt, Saudi Arabia, Libya, Syria, Iraq, the United Arab Emirates, Jordan, Pakistan and Palestine are participating.

Other series in the making are "*Al Quds*" and the "*Raid and the Intellectual Conquest*". The first program, which already exists as a radio serial, will delineate the history of *Al Quds* or Jerusalem from antiquity to the present. This production "will be an affirmation of the priority attached to the Palestine question," the report says.

"*The Raid and the Intellectual Conquest*" is designed to alert the Islamic nation to the danger that confronts it through acts of "imperialist" aggression, ideological indoctrination, racial discrimination, repression and coercion.

These programs are in collaboration with the Saudi Television. Ultimately, the ISBO hopes to install its own transmission units, for which work is under way. There is also a plan for teaching Arabic and broadcasting lessons on Islamic history by radio and TV.

The organization is also co-ordinating with the Arab Center for Broadcasting and Television Training in Damascus and other television centers in the Muslim states to organize training courses for the staff of the broadcasting station in the Islamic states.

CSO: 4820

RESISTANCE ENVOY NAJIBULLAH ROSHAN VOWS LAND REFORM

Oslo NY TID in Norwegian 28 Jan 81 p 4

[Report of interview with Najibullah Roshan by Ingolf Håkon Teigene]

[Text] Radical land reforms will follow when the Soviet troops have been driven out, spokesman for resistance group promises.

"Believe me, we are not fighting for the United States or China or for the old feudal lords. We are fighting for a free country whose future we ourselves will determine."

Najibulla Roshan is intensely aware of the skepticism that the Afghan resistance movement encounters in leftist circles in the west, and consequently is extremely earnest in his appeals.

He is convinced that Afghanistan without Soviet troops will not mean that the country turns back into a country of petty kings and landowners.

"We want to get started with land reforms and campaigns against illiteracy," says Roshan.

He is in Norway now as a representative of the Afghan Holy Warriors' Front, one of the countless organizations that are taking part in the armed conflict with the Karmal régime and the Soviet occupation forces.

Program

It is given to no one to have knowledge of the swarms of groups and fronts that are involved in the resistance struggle. But according to Najibulla Roshan, most of them have agreed on a common platform, with a three-point program as a rallying cry:

- The Soviet troops must get out of the country.
- The Afghan people will themselves choose what political system they want.
- That choice will reflect the will of the people.

Roshan explains the variety in organization and political views as follows:

"Afghanistan is not a western country. You must understand that. Here there are many languages, the tribal feeling is strong, people come from different parts of the

"There is no question of turning back to feudalism," Najibullah Roshan promises. (Photo by Einar Fjellvik)

country that are very much isolated from each other, there are ethnic differences, and we have no radi and communications; in such a situation the picture can be confusing. But there is no doubt about the people's will to resist," says Roshan.

After the Soviets, What Then?

"What will happen to Afghanistan when the country is rid of the Soviet troops?"

"In any case there will be no question of turning back to feudalism," says Roshan. "The people will reject the old upper class just as much as they now reject the Soviets."

He sees land reforms and literacy campaigns as the most important tasks in an unoccupied Afghanistan:

"Eighty-five percent of the people are peasants. This means that we must get a program started for redistributing the land.

"Ninety percent of the people are illiterate. There lies another big task."

"But that is very much the same program that the Karmal régime had undertaken to carry out. What was wrong with that program?"

"There is nothing wrong with the program itself. What is wrong is that it is imperialists that tried to put it into practice; the imperialists want to use that program for their own purposes. Look at the land reforms in the shah's Iran. It turned out that they were not for the peasants' benefit, but for the benefit of those in positions of power around the shah."

"Won't such a reform program encounter the same resistance from the priesthood and the landowners?"

"No, for we shall carry out such reforms in cooperation with the peasants."

"Surely there is no guarantee that the old régime will not offer resistance?"

"Such a question is raised only by one who has no confidence in the revolutionary masses," Najibullah Roshan answers.

8815
CSO: 3108

FIRST TRADE UNION CONGRESS HAILED

Kabul KABUL NEW TIMES in English 18 Feb 81 p 3

[Interview with A.R. Kargar, date and place not given]

[Text]

The formidable mission for building the new and blossoming society void of exploitation of individual by individual rests with the progressive and growing forces of the working class and other toilers. The forerunning, progressive, and undefeatable working class is fearlessly forging ahead in the face of difficulties and obstacles, taking into account the lines drawn between the friends and foes.

Stating the above Abdur Rahim Karger the head of Binding Section of the Government Printing House in an interview with the reporter of the Kabul New Times on the convention of the First Congress of the Trade Unions of Afghanistan which is going to be held in Kabul in the first week of March said: the working class struggles against its irreconcilable foes and overcomes obstacles and difficulties in a move to win the final victory.

It is natural that the realisation of this end calls for unity and solidarity of all workers and toilers of our country under the leadership of their trade unions, he added.

The convening of the first congress of trade unions, he went on, will be in fact a unique and unprecendented stage for the growth and development of the productive forces. It will be a new stage for further social and political awareness of the toilers of Afghanistan under the People's Democratic Party of Afghanistan.

I am sure, he added, that the holding of this congress will better manage and lead the activities of workers in their own benefit and the interest of the entire people of Afghanistan. This event will be a thorn in the eyes of the enemies of the Democratic Republic of Afghanistan and a good news for the friends of the working people of this country.

You are fully aware, he pointed out, that with the victory of Saur Revolution the political power was transferred to the

working people of Afghanistan, represneted by the People's Democratic Party of Afghanistan, the vanguard of the working class in the country. The Saur Revolution prepared a firm ground for the establishment and formation of trade unions in the country. But with this victory the US devouring imperialism which is the first enemy of all the workers and toilers of the world started hatching conspiracy against the working people of Afghanistan. It made its identified agent, Hafizullah Amin and his criminal bands, play with the destiny of workers and toilers. It brought him into power in a very scheming way in an attempt to serve the interests of imperialists and exploiters.

In the past especially during the monarchical regimes of Afghanistan there were no national and democratic moves towards the expansion of production and improvement of working conditions of the workers and the unity of toilers to defend and promote their rights, he added.

Asked what changes would the convening of the first Congress of Trade Unions of Afghanistan bring to the private and social life of the workers and different working strata, Abdur Rahim Kargar said: The convening of the First Congress of Trade Unions of Afghanistan will positively affect the private and social life of every worker and will meet the demand of a progressive working society.

In my opinion, he said, the congress will discuss the labour law and the charter of the Trade Unions of Afghanistan and the procedures to be followed for the mobilization of the trade unions and the progressive democratic forces in the light of the lofty goals of Saur Revolution and the objectives followed by the new evolutionary phase, which is the phase of liberation of the people and the revolution.

The participants of the congress of Trade Union will have the duty to struggle against the vestiges of the past regimes and agents of imperialism and mobilising all the toilers and workers of Afghanistan towards the building of a high—headed and free Afghanistan and safeguarding the gains of Saur Revolution in the interest of higher living standard of workers and in the benefit of democratic productive forces and building of new society void of exploitation of individual by individual.

Asked how he felt when he heard the news of the holding of the First Congress of Trade Unions of Afghanistan Kargar said:

I was really touched and got excited by the news because this was the long-cherished desire of the workers of Afghanistan who suffered for long years under the tyranny and oppression of exploitation and feudalism. The convening of the First Congress of the Trade Unions of Afghanistan is one of the long standing aspirations of all the toilers and the working class of Afghanistan.

With the convention of the First Congress of the Trade Unions of Afghanistan and the establishment of the vast national fatherland front a strong blow will be delivered to the mouth of imperialism and the enemies of progress and the sold—out agents of the US imperialism and Peking hegemonism. The achievement of this end will contribute to the cause of peace and security in the region and ensuring of democracy and social progress in the blossoming and free Afghanistan.

At the end Kargar pointed out that at the meeting of the council of the representatives of the Trade Union of the Government Printing House and the Publishing Agencies three persons were proposed as representatives to participate in the First Congress of the Trade Unions of Afghanistan. They were elected by majority of votes cast by participants.

CSO: 4920

GOVERNMENT PUSHES INDUSTRIAL DEVELOPMENT IN KABUL AREA

Kabul KABUL NEW TIMES in English 12 Feb 81 p 3

[Text]

Feeling secure, the national traders this year have been showing more interest to invest in industrial fields through private investment. In view of this interest Kabul Industrial Estate projects is making headway on a more scientific and efficient manner within the framework of the DRA government developmental plans.

The above was stated by Eng. Abdul Wahab Ghafouri, head of the Industrial Estates Development Project during an interview with the reporter of the Kabul New Times.

He said the idea of establishing the Kabul Industrial Estate was conceived in 1969 when Her Excellency Mrs. Indira Gandhi, Prime Minister of friendly country of India was on a visit to Afghanistan. Following the visit, an Indian delegation arrived to Kabul. The Indian delegation carried out the preliminary and feasibility survey and after the project report was prepared, the Industrial Park, located in Pule Charkhi, was founded and established through grant-in-aid of the friendly country of India.

The Kabul Industrial Estate is located 7.5 kms from Kabul, covering an area of 420 jeribs.

At present, said Eng Ghfouri, a total of 70 industrial plants, in various industrial fields, have been established in the country through private investment. Since the inception of Kabul Industrial Estate plots of land have been distributed for only 40 of such industrial plants. Some sixty of such plants are fully operative and the remaining ten are either inoperative or under construction, work on some of which are near completion.

Most of the industrial plants in Puli Charkhi are established through private investment. These plants produce soap, washing powder, woolen and cotton thread, macaroni, nails, car batteries, lubricants, toilet paper etc.

There is also a heavy vehicles repair workshop as well as a well-equipped dry cleaning plant in the Kabul Industrial Estate.

Generally speaking the industrial plants in Kabul Industrial Estate are divided into two different categories, the major part of which is covered by textile mills, knitting, plastic, wares, shoe factories, ice manufacturing plants, fruit processing plants, including raisins, which are mainly established through private sector. However, there are some factories erected through public sector, which one can name the Puli Charkhi Woolen Factory.

Eng. Ghafouri further added: The Kabul Industrial Estate Development Authority, functioning within the framework of Ministry of Mines and Industries, is entrusted with the task of developing industrial estates, encouraging national investors, rendering assistance to private industrial plants. So far this department has carried out commendable services in this field.

The department is also duty-bound to establish similar industrial estates in suitable parts and to provide all amenities and facilities for the national investors and to put these facilities at their disposal on favourable terms.

As is now the plots of lands, earmarked for Industrial Estate is distributed to national investors on a 15-year long installment, however, in the future such plots of land will be made available on more favourable terms and on a longer installment.

To help the owners of private industrial plants, in addition to a center for providing technical facilities new workshops, for ironsmith, casting, carpentry, welding and repairing of electric equipment were set up. During next Afghan year 1360, new machineries will be installed at the central workshop to repair spare parts.

The distribution of land, construction of factories and installation of machineries at the newly established plants are carried out with the help and through consultation of Indian experts, who have adequate experiences in this regard, as well as participation of local experts and engineers of the Kabul Industrial Estate Development Project.

When the factories begin operation, they still enjoy the same cooperation. The private industrial plants are helped in their administrative problems as part of effort to develop national industries and to help the local national investors.

Likewise, the loans provided by Afghan CART, Industrial Development Bank ten per cent industrial tariffs, etc. are among assistance given as part of efforts to help and protect the private investors, said Eng. Ghafouri.

Work to further expand the Kabul Industrial Estate is undertaken. Some 70 per cent of roads within the Industrial Park is built. most of equipment for sub stations and some equipment for pump house have already arrived from friendly country of India and installation work on which is planned to begin next Afghan year.

Talking about future plans, Eng. Ghafouri cited establishment of industrial parks in the provinces, balanced development of private industrial sector. He said the friendly Indian government has already committed itself to help in establishment of industrial parks in Kandahar, Herat and Mazare Sharif work on which are planned to begin after the feasibility and project report are prepared by Indian experts. Similar projects are planned for future in Kunduz, Paghlan, Nangarhar, Laghman, and Charikar.

He said the workers union of the Kabul Industrial Estate carry on their revolutionary duties, and explicitly expressing their solidarity. Literacy courses are also run in the Industrial estate.

CSO: 4920

NEW WORKSHOP REPAIRS ROADBUILDING EQUIPMENT

Kabul KABUL NEW TIMES in English 18 Feb 81 p 3

[Text]

With the establishment of new workshop to repair road construction equipment and vehicles, added facilities are provided to keep the machines in running condition.

Stating the above in an interview Dr. Abdul Habib Sier, the caretaker of the Mechanical Department of the Ministry of Public Works said : The new workshop is part of the central technical shop of the Mechanical Department of the Ministry of Public Works and is located next to Mechanical Shop. The equipment and other needed tools of this shop is provided through developmental budget of the state at a cost of three million afghanis. In construction of this workshop effort was made to reduce the cost by using the left-over materials from other projects.

In response to another question the caretaker of the Mechanical Department of Public Works Ministry said, the old workshop of the department, because of its limited capacity and lack of sufficient space could not cope with the ever-increasing repair works. In order to remove this shortcoming and in an effort to properly repair the technical means used for road construction purposes, the need for establishing another shop was urgently felt.

The revolutionary government envisages all-sided development in all walks of life of the people, thus in order to implement these objectives of our revolutionary state and to remove the difficulties in this area, construction of a modern repairing workshop was undertaken to provide more facilities for keeping operative the machines and vehicles of road construction. With the operation of this shop the existing difficulties has totally been removed.

The caretaker of Mechanical Department of the Ministry of Public Works said, the new shop is equipped with various cranes of different sizes, welding machines, compressors and other needed machines and equipments. The new workshop can repair heavy and medium vehicles, ma-

chineries and equipment such as bulldozers, graders, shovels, stonebreakers, loaders, cranes, asphalt machines, compressors, mixers, rollers, generators, welding machines, waterpumps, and the like. It should be mentioned that repairing of such vehicles and machines posed problems for the technical personnel of our technical shop due to unavailability of sufficient space and needed equipment and tool at their disposal.

Altogether 26 persons work in this workshop. In order to properly handle the technical works in the shop at least three skilled engineers are needed which we lack them presently. We hope to get our needed technical staff and enhance the technical know-how of our present technical staff in the shop.

In addition to repair works and other constructional works the new workshop carries out construction of bridges, like the Sarkani bridge which is to be completed by this shop. The Sarkani bridge, with a length of over one hundred metres is being constructed by the technical personnel of this workshop. In construction of this bridge use is being made of left-over steel and other materials from the Naghloo project.

Meanwhile the workshop produce oxygen for the Ministry of National Defence and other government and individual institutions, Dr. Abdul Habib Sier caretaker of Mechnical Department of the Ministry of Public Works concluded.

CSO: 4920

BENYAHIA COMMENTS ON NONALIGNED MEETING

LD190901 Algiers EL MOUDJAHID in French 13-14 Feb 81 p 1

[APS dispatch: "The Movement is Capable of Overcoming Current Difficulties and Responding to Challenges and Changes, Mr Benyahia Tells EL MOUDJAHID and APS"]

[Text] New Delhi--At the end of the nonaligned countries' ministerial conference Algerian Foreign Minister Mohammed Benyahia made the following statement to the APS and EL MOUDJAHID special envoys.

The following is the text of this statement:

This conference has taken place at a time when the nonaligned countries felt a pressing need to consult each other and to harmonize their stances in view of the dangerous way in which the international situation is developing.

In the political sphere there were two levels to the conference: On the first level the aim was to examine our movement's capacity for action in the face of an international situation marked by a resumption of tension and by attempts to undermine not only the movement's cohesion and unity but also the fundamental ideas which have always guided it.

This indicates the importance of the debate established within the conference on the nonaligned movement's role.

In this connection the Algerian delegation put forward several documents which constituted a basis for consideration.

These proposals, Mr Benyahia stressed, hinged on three main themes:

1--Safeguarding the movement's independence and rejecting any attempt to use it in the framework of tension.

2--Its dynamic and active role and its capacity to propose solutions to the major international problems.

3--The nonaligned countries' fidelity to the movement's principles and objectives, notably their support for just causes and the demand for a new democratic and just international order.

It is necessary to stress that these fundamental ideas are fully reflected in the final statement adopted by the conference, Mr Benyahia announced.

On the second level the New Delhi conference was an opportunity for the nonaligned countries to examine all burning current issues in a detailed way.

Despite frequently different approaches and assessments, the frankness of the debate, a sense of responsibility and the need to respect the nonalignment principles prevailed in establishing a general consensus on the statement as a whole.

This shows, Mr Benyahia continued, that the nonaligned movement is capable not only of overcoming current difficulties but also of responding to the challenges and changes, drawing all its strength from the doctrine and principles of nonalignment.

As regards decolonization problems, the conference showed the nonaligned countries' firm determination to step up the anticolonial struggle in order to bring about the total liberation of Namibia and the West Sahara in particular.

In the present crisis situation in the world economy, which is affecting all the developing countries, and the present stalemate in north-south dialogue, the work of the economic committee, chaired by Algeria, was particularly important.

This conference has enabled the nonaligned countries to reiterate their conviction and determination to establish the new international economic order.

In this context the conference reaffirmed the proposal adopted by the Havana Summit on Algeria's initiative to open all-embracing negotiations under UN auspices.

While stressing both the necessity and the urgency of opening these negotiations, the nonaligned countries insisted on the principle that these north-south negotiations must be all-embracing, in other words their approach must enable the issues to be linked, and that these negotiations must take place in the UN framework.

In the sphere of cooperation among developing countries the conference reaffirmed, as we had hoped, the nonaligned countries' determination to strengthen their collective autonomy by establishing a specific program of practical action to be implemented according to a definite timetable.

The rich debate which took place on this subject made it possible to clarify the place which the south-south cooperation axis should have in the dynamics of international economic relations.

CSO: 4400

CENTRAL COMMITTEE TO EXAMINE ENERGY PRODUCTION, CONSERVATION

Algiers REVOLUTION AFRICAINE in French 12-18 Dec 80 pp 19-50

[Article by Yacine Ould-Mousaa: "Energy: A Multifaceted Fight"]

[Text] As 1980 draws to a close, the Central Committee of the FLN will turn to the examination of a matter of importance to the future of our country and the continuation of the economic and social development pursued for over a decade. This matter is none other than the question of energy, which in its main components, oil and gas, now constitutes the country's sole resource to develop and safeguard for the good of the nation's highest interests and its coming generations. One must therefore understand that the examination of this question takes place on the threshold of a new and decisive decade of development, following over 10 years of efforts and expansion of the economic base of our society. To capitalize on our experience, to make realistic and rational projections, to achieve new progress in the operation and efficiency of the energy sector, to learn, lucidly and objectively, the lessons of reflection and economic practice specific to this vital sector of the country, to embark upon a dynamic process of dialog and concertation and to place this sector's mission back in its real context, will all be matters which this session of the Central Committee will have to examine and elucidate, for this is a sector that provides nearly all our receipts and therefore finances all our spending. The year 1980 will be historic because of the missions and activities of the energy sector, which more than ever is engaged in an economic and social battle waged by our country and people against underdevelopment, ignorance and dependency. Because they are nonrenewable resources, oil and gas require a rational approach and efficient application of economic solutions to our development problems, while ensuring respect for the nation's higher interests and remembering the legacy that will be left to future generations. Nor should 1980 be viewed by itself, for it is only a phase in a long process which is an arduous and difficult battle that is essentially political, a battle whose origins go back far beyond the time when our country achieved independence. Therefore, before turning to the central question on our agenda, which is our national energy policy, one must retrace the evolution of this long political battle whose fundamental slogan has always been and will always remain the reclamation of our resources from the subsoil and their upgrading on behalf of the development and construction of a socialist society.

'. Long Political Battle

Throughout our struggle for independence, the resources of the Algerian subsoil were regarded as vital stakes by the occupier, which never flinched in its efforts to

capture these important resources, going so far as to claim that the Sahara was not part of Algeria and that consequently, the negotiations, the struggle and independence involved only the northern part of our country. Dividing the country, dividing Algeria, was the occupier's last attempt to preserve its hold on the resources of our subsoil.

In an article in EL MOUDJAHID, No 74 of 15 December 1960, concerning the integrity of the national territory, our position, which has never changed an iota, is stated. Algeria is one and indivisible.

We quote: "The territories of the south and the Saharan territories strictly speaking are a creation of an unnatural law passed by the French Parliament in 1904.... The special regime applied by the colonialists consists of military domination over the civilian population, which is subjected to barracks discipline. Ousted from the civilian administration of Northern Algeria, the military, following a bloody conquest, established its rule in the south and set up a legal command.... The protests of the people subjected to feudal exploitation gave rise to popular indignation in France and an initial measure taken by decree by General de Gaulle in August 1945 abrogated the special laws applied in Algeria. In 1947, Algeria's status finally brought about the elimination of the regime of the southern territories."

The foregoing is a brief summary of the status and nature of the occupier's designs on the Sahara and the resources of the subsoil.

While in 1947, this status disappeared in law, in fact, things scarcely changed until 1954 and the beginning of the liberation war.

During the armed struggle, this integral part of the Algerian nation continued to be the object of many attempts and dealings on the part of the occupier, which was seeking at any cost the dismemberment of the country, cutting it off from the Sahara so as to seize its hydrocarbon resources.

Thus, with the launching of the armed revolution, the FLN, in its declaration of 1 November, affirmed Algeria's will to be one and indivisible: "the opening of negotiations with the authorized spokesmen of the Algerian people on the bases of the recognition of Algerian sovereignty, one and indivisible." This passage from the statement of 1 November 1954 is largely sufficient to show our country's determination to defend its territorial integrity and its national sovereignty and reveals the vital stakes of a relentless political and military battle.

Throughout this struggle, the occupier never wasted its time and as early as 1955, the date of the first oil discoveries, an industry was born, promoted and controlled by foreign, mainly French, companies, based on a codified system of concessions called the Saharan Oil Code. In 1962, that which regulated the activities of companies engaging in prospecting, production and the transport of hydrocarbons was the Evian Accords, provisionally maintained as they were until 31 December 1965.

However, well before that date, the FLN could already glimpse the prospects which our country's oil resources offered for economic development and the establishment of a national industry.

Consequently, very early on, the country's higher authorities realized the need to have a national oil policy that responded to the objectives and imperatives of independent Algeria.

The strong conviction of the important role which the hydrocarbon sector could play appeared clearly in the Tripoli program in June 1962, which was but the logical follow-up of the key ideas expressed in the Soummam platform of 20 August 1956.

The economic tasks of the people's democratic revolution in the Tripoli program was the nationalization of mineral and energy resources: "This was a long-term goal. In the immediate future, the party must fight to expand the gas and electrical systems in rural centers and to train engineers and technicians at all levels following a plan that would enable the country to manage its national and energy resources."

Concerning industrialization, the Tripoli program already provided that "the country's real long-term development is linked to the establishment of the basic industries necessary for the needs of modern agriculture. In this connection, Algeria offers great possibilities for oil and iron and steel industries. In this field, it is the task of the government to furnish the conditions needed for the establishment of heavy industry."

Twenty years later, the clarity and accuracy of this approach remain intact.

And yet, the Evian Accords tried until 1965 to perpetuate neocolonial domination of our hydrocarbon resources, whose rate of growth and contribution to the country's economic development remained altered and compromised by a slowdown and then total halt in the exploration effort of the concessionary companies and by the existence of a tax system more than favorable to these companies, which in itself resulted in the stagnation of government oil revenue.

Takeover

As a result, our country could no longer tolerate a situation in which mining and energy resources were controlled and worked by foreign companies. Our country's prime objective was to mobilize the resources generated by the working of hydrocarbons to serve its economic and social development.

Progress from the formulation of this objective to its actual accomplishment presumed the fulfillment of a certain number of conditions relating to the terms of intervention by the government and the establishment of a political and legal framework governing the government's relations with foreign companies established in Algeria.

First of all, the government had to have an instrument of intervention capable of taking an active part in the operations of the various facets of the oil industry and of applying the policy defined by the government.

In 1963, SONATRACH [National Company for the Transport and Marketing of Hydrocarbons] was set up. Its initial purpose, the transport and marketing of hydrocarbons, was expanded in 1966 to all other activities of the oil industry.

In addition, a massive training program was launched in 1964 in the field of hydrocarbons with the establishment of the National Hydrocarbon Institute, within the

framework of Algerian-Soviet cooperation. That same year, the first oil pipeline 100 percent under national control was built.

Redefining the role and place of foreign interests in the working of natural resources therefore became an urgent task.

Very rapidly, the continuation of a system of operation inherited from the former colonial power turned out to be incompatible with the political and economic options of independant Algeria. Following independence, by clearly reaffirming the principle of full and complete sovereignty over its natural resources, our country intended to bring about a far-reaching change in its relations with the concessionary companies in the direction of a fairer division of revenue generated by the working of its resources, an effective contribution of foreign economic agents to the country's economic construction effort and preponderant government participation in decisions and the conduct of operations.

The July 1965 accord then sanctioned the negotiations undertaken between France and Algeria. This accord was a compromise according to whose terms, in exchange for continuing the rights of the concessionaries for a limited time (considering certain tax arrangements), cooperation was established in the field of exploration concerning a vast mining domain granted to an Algerian-French joint venture.

Moreover, the accord provided for a financial contribution by the French Government to Algeria's economic development and its participation in a project to export liquefied natural gas to the French market.

Parallel to the fulfillment of this accord and expansion of the prerogatives of SONATRACH, our country made its entry into the distribution of oil products in 1966.

As early as January 1967, the network of the BP Company had been purchased by SONATRACH. In May 1968, the Algerian Government, after nationalizing the entire distribution sector, entrusted its management to SONATRACH.

On the international level, in 1967, our country hosted the first meeting of the Group of the 77, which adopted the Algiers Charter, the first platform of economic demands of the Third World, in which one finds the main elements constituting what would become the new international economic order. Likewise, Algeria was to play a very active role in the OAU, the Arab League, the Movement of Nonalined Nations and finally, the United Nations.

In 1969, our country requested admission to OPEC, in which it rapidly gained an honorable place out of proportion to its modest income from our hydrocarbons.

This new membership in OPEC was to enable Algeria to benefit from the support of this organization in the latent dispute pitting it against the foreign companies, especially since the experience of the years of application of the 1965 accord fatally revealed a profound divergency of interests.

Our French partner's failure to respect its commitments, particularly with respect to the obligation to reinvestment in research and to train and "Algerianize" personnel, together with the problem of prices created the conditions of the difficult negotiations in 1970-1971.

In the light of this experience and in the face of the failure of the 1970 negotiations, Algeria, led by Houari Boumediene, decided to assume actual control of the entire oil industry through majority holdings of 51 percent in the assets of concessionary companies and total nationalization of the gas and pipeline transport sectors.

The historic decisions of 24 February 1971 were partially but the climax to a serious crisis that had arisen in relations between the two countries. The heart of the problem and our nation's dearest and oldest wish was the expression of its determination to recover its resources and upgrade them within the framework of a development process which at that time, in 1971, was well underway.

The signing of the accords between the national company SONATRACH and the CFP [French Petroleum Company] in June 1971 and with ELF-ERAP [Gasoline and Lubricants Company of France-Petroleum Prospecting and Activities Enterprise] in December 1971 was to put the final period on this situation and normalize relations between these companies and our country.

At the same time, in April 1971, a new fundamental law governing hydrocarbons abided by the regulations of the Saharan Oil Code and confirmed the rule of the majority holdings of the Algerian Government in any new oil prospecting and extracting operation.

In nationalizing foreign interests in the hydrocarbon sector, Algeria based its action on a tool already forged and able to handle all operations. It knew it could count on the immediate technical assistance of socialist countries, the financial support of Arab nations and the political solidarity of developing peoples.

The historic decision to nationalize hydrocarbons in 1971 therefore crowned a process of taking over control of natural resources (mining), economic activities (industrial enterprises and self-managed farms) and financial institutions (banks and insurance companies).

Algeria upset the established order on the international scene and the backers of this order failed in their boycott attempts, fallaciously claiming that our oil was red oil!

Having avoided the errors of previous endeavors made in other countries, Algeria therefore became the first developing country to successfully nationalize its hydrocarbons after the Mexican experiment in 1936 and that of Mosaddeq in Iran in 1952. By virtue of this success, it opened the way to other countries such as Iraq and Libya, which were to nationalize in turn.

Between 1972 and 1974, the last years of the first 4-year plan, the first effects and results of the actions undertaken in the energy sector since independence began to be felt, actions that would be expressed in three essential elements:

-- National control of natural gas resources permits the establishment of a natural gas pipeline system supplying the energy apparatus, industry (iron and steel and cement) and domestic consumption.

-- The increased value of crude oil, thanks to actions taken within OPEC, provides financial surpluses, the basis for the expansion of domestic financing capacity and the appeal for foreign credits.

3 -- The startup of fertilizer plants and plastics processing units and the increase in the refining capacity support the development effort, particularly in the field of agriculture.

When the second 4-year plan arrived, the energy and petrochemical industries sector would face the second phase in full possession of the political and economic means needed to carry out their fundamental mission, which takes on a continuing and imperative nature: supplying the country with energy and contributing to execution of the development policy.

But all these efforts and this struggle on the domestic level would not in themselves suffice to safeguard national sovereignty over our national resources, gas and oil, and it was also necessary to defend the idea of a new international economic order so that this appropriation of resources would not in fact be a legal or political decision, but an element and driving force of development helping the nations and peoples of the Third World.

International Action

The successful nationalization of hydrocarbons in 1971 was not in itself sufficient because the upgrading of our resources very rapidly called for action on the international level.

From 1961 to 1973, events reinforced the conditions for success of international action thanks to the more pronounced emergence of OPEC and the affirmation by nonalined countries of a series of principles and objectives: improvement in the terms of trade, the upgrading of and control over raw materials and the organization of developing oil-exporting countries into producer associations.

This movement for the legitimate demands of the Third World countries was crowned with the summit conference of nonalined nations in September 1973 in Algiers, which adopted a more far-reaching platform and gave birth to a slogan: the new international economic order.

The October 1973 war and the leap of the Arab nation, which for the first time used its oil weapon, precipitated the creation of conditions favorable to an increase in oil prices.

It was the decisions made in Tehran in December 1973 that enabled OPEC countries to recover the right to set the price of their oil and readjust it in a sovereign manner.

Beyond the price levels, it was the emergence of OPEC as an autonomous force upsetting the "givens" of the previously existing geopolitical order that would give rise to a veritable crusade of Western countries under the wing of the United States.

The anti-OPEC offensive was thus launched: isolating OPEC politically, making it guilty, arguing that changes in oil prices are the cause of world inflation, making OPEC responsible for financial assistance to developing countries that import oil: These were all attempts made by Westerners, who at the same time followed an energy strategy based on energy conservation, the intensive development of alternative forms of energy and a shift in the exploration effort from the Third World to their own territories or sphere of influence.

In an atmosphere of confrontation, the Washington conference was held in February 1974 and created the International Energy Agency (IEA), which included all industrialized countries with the exception of France. For its part, the latter proposed an international conference devoted to energy within the United Nations.

President Boumediene, president of the nonalined nations, then defined a counter-strategy, proposing the convocation of a special session of the United Nations devoted to all raw materials and development, which would make it possible to put the problem back into the context of relations between industrialized countries and developing nations and expand the discussion to all raw materials and development of the Third World in general.

The break in relations of domination and looting was consummated, bringing the establishment of a new international economic order in which Algeria, through the voice of Houari Boumediene, was to play a leading role in approaches and economic policy. In his speech before the special UN session in April-May 1974, President Houari Boumediene, president of the nonalined nations, acted as spokesman for the Third World: "The new battle shaping up on the difficult path of the liberation of peoples...involves the same final stakes: mastery and utilization of the fruit of the resources belonging to the Third World.... The problem of raw materials is posed in terms of confrontations between the priorities of developed countries and those of developing countries concerning the distribution of world resources.... The Third World countries are now aware of the conditions that would enable them to embark upon the path of development and progress, just as they cannot ignore the somber future awaiting them if they miss the chances offered to them to take up the struggles, make the effort and agree to the sacrifices which their welfare requires."

Through this speech, Algeria proposed more than an analysis. What it offered was a veritable program for the establishment of the new international economic order.

In March 1975, our country hosted the first summit conference of countries belonging to OPEC at which the sovereigns and chiefs of state would affirm national sovereignty over natural resources and the right to manage them in the interest of their peoples and future generations, while entering international cooperation as responsible partners and above all, as an integral part of a solidary Third World.

In addition to the establishment of a special OPEC fund that would supply financial assistance, the program proposed by our country had three main aspects: OPEC action on behalf of other developing countries; actions to be taken by OPEC nations on behalf of developed countries; and finally, actions to be carried out by developed countries on behalf of developing nations.

With regard to energy, this program included an indexing mechanism which would have made it possible to gradually attain the current level.

The mechanism was to allow OPEC countries to tax more important resources, which was not possible because of the freeze imposed by certain major producers for a number of years; [portion of sentence deleted?] the industrialized countries and avoid the second oil crisis made inevitable by the situation of the Iranian revolution; and finally, the developing countries to benefit from the guarantees demanded by Algeria within the framework of its program of action.

Consequently, rejecting any discussion of energy alone, requiring the inclusion of other matters important to the Third World and recalling the bond that should preside over the overall examination through a global approach would become a constant position of our country and the Third World.

Despite the failure of the Paris conference, the first attempt at a North-South dialog expanded to include all development questions, one may consider that these recent years have experienced an evolution in the perception of the energy question on the international level. Despite exaggerated press campaigns through which oil was a scapegoat for inflation and the economic crisis, the Western leaders gradually began to realize that the question of energy was a matter of concern not so much because of the prices (they do very well, moreover, in selling goods and services to Third World countries), which will inevitably rise, but rather, because of the energy shortage shaping up for 1985-1990.

Therefore, the developed countries are not so much demanding to negotiate the price of energy as they are a certain predictability regarding the increase, which they hope will be gradual rather than sudden, and predictable supplies.

The indexing mechanism provided for within the framework of preparations for the second OPEC summit conference scheduled for November in Baghdad and proposed to the last quarterly meeting of OPEC in Vienna especially responds to the demand for predictability formulated by the developed countries and should be granted only if substantial guarantees are offered by the latter to developing countries.

Our country has always fought the isolation of OPEC. In Caracas in 1979, along with Venezuela, it proposed the establishment of a development bank, a veritable autonomous financing circuit, with a fund of $20 billion.

In the North-South dialog and in South-South cooperation, our country has constantly played an effective and dynamic role of a link and articulation between OPEC countries and other developing nations, organizing the solidarity of the South in negotiations with the North, while arguing the cause of developing countries, whether or not they import oil, within OPEC.

One must therefore consider Algeria's international action in the field of energy as the direct extension of our domestic policy of mobilization and the upgrading of natural resources in the interest of economic growth and progress to which our people aspire at the cost of immense sacrifices and often painful efforts.

It is within this national and international context that the question of energy is now situated in our country and should, through its solution, allow a new departure toward the economic and social development outlined by the constitution and the safeguarding of the energy future of our coming generations.

2. Core of the Problem

On the threshold of this new decade of development, the question of energy takes on cardinal importance for the strengthening of the economic and social development process and the building of a prosperous and independent society. Every Algerian, every leader today, is especially sensitive to this sector which, through its strategic nature, remains the key to our economy and the expansion of its productive

capacities. No one can deny the preponderant place of hydrocarbons in the structure of our economy and the prime role played by the energy sector in bringing about efficient industrialization along with the modernization of our agriculture. The figures are there: Some 97 percent of our receipts come from oil exports, which makes it possible to finance 60 percent of all budgeted expenditures for the coming year 1981.

The national energy policy now consists of the achievement of two main objectives: participating in the financing of development and meeting the growing need for energy of the national economy.

By 1990, national consumption will be on the order of the equivalent of 40 million tons of oil (currently the equivalent of 16 million tons of oil), whence the vital need to conserve the strategic resources destined to meet the needs of future generations, in keeping with the resolutions of the Special Congress of the FLN Party (Algiers, 15 June 1980): "Considering the strategic role which hydrocarbons play in the world economy and the evolution of the international energy situation, the Congress emphasizes the need to define and apply a national energy policy that is closely linked to the country's economic and social development strategy and to set levels of the production and exportation of liquid and gaseous hydrocarbons that are compatible with the financial needs resulting from the country's economic and social development, on the one hand, and the national industry's needs in energy and raw materials. For this purpose, the Congress asks for the establishment and preservation of our national strategic hydrocarbon reserves."

Moreover, these strategic resources are defined by taking into account the possibilities of having access to alternative sources of energy, but also thanks to the application of a policy of working deposits of liquid and gaseous hydrocarbons that will ensure maximum recovery of hydrocarbon reserves.

In order to achieve these objectives and considering the limited reserves and growing needs of our economy, it is necessary to define a coherent strategy, bearing in mind our past experience and the new conditions of the world market so as to avoid the continually changing contingencies of the international market.

The central question that must be asked and which President Chadli Bendjedid reiterated in his message to the nation on 1 November 1980 is whether we shall continue to live solely off our oil receipts, without making any effort to create ourselves the permanent and real sources of a veritable genesis through the work of the social product that would safeguard the future of the country and its coming generations.

"It is inconceivable that we should continue to live politically off of the martyrs of our war of liberation and economically off of our nonrenewable resources, gas and oil," President Chadli Bendjedid emphasized in his message to the nation on 1 November 1980.

This is the crux of the problem: Should we create the conditions in order to arrive at true economic independence based on an efficient and organized production apparatus, whose soul and driving force can only be work, the sole creator of wealth, or await the extinction of our resources as one eminent Algerian university professor warned, saying that many Third World countries have gone from an economy of persons of independent means to an economy of beggars because they failed to make the effort

and do the work needed to set up an economic policy and apparatus capable of generating income in an autonomous and independent fashion?

While in our case the principle of conservation is established and stems from the political domain, its effective and concrete application resides in a radical transformation of our way of handling the public patrimony, national resources and individual and collective work.

Conservation may safeguard the country's energy future and make it possible to bequeath an honorable legacy to future generations, but we must begin to plan for the "postoil" period today, for in 10 or 20 years, the situation will no longer be the same and margins of freedom and action will be reduced. It is increasingly obvious that energy in all its forms will be more and more scarce and new types of energy presume a technical, scientific, human and financial potential that we must plan as rationally and rapidly as possible. "In the course of this transitional period, it is absolutely necessary to prevent our economy from beginning to import hydrocarbons," Belkacem Nabi, member of the Central Committee and minister of energy and petrochemical industries, emphasized in a debate on energy policy.... Independently of the fact that we must now improve the management of our oil income, the reliability of national supplies will remain a decisive imperative which we must ensure through effective application of the principle of the conservation of energy resources.

In the international community, everyone knows that the problem of energy is of strategic importance. To affirm it has become a common link because energy is and will remain a vital product for modern economies and concerns all countries, whatever their ability to meet their own needs.

Therefore, guaranteeing our country's energy supplies becomes the essential basis for our economic, even political, independence.

Our hydrocarbon resources are now a major asset in the financing of independent economic development. Receipts from exports are now nearly our only sources of foreign exchange receipts.

It is consequently essential that the role played by hydrocarbons diminish as other sectors and branches of the economy begin to contribute in a sustained and substantial manner to our production accumulation effort.

In other words, conservation, the country's long-term supply, our legacy to future generations are and will remain closely linked to and affected by the contribution and effort of production and productivity of all sectors of the economy, insofar as their ability to respond to the needs of the national market and to generate the surpluses necessary to their self-financing in order to expand the productive base will become the indispensable conditions for better use of energy resources as sources of foreign exchange and as raw materials necessary for any production process.

In fact, conserving energy resources presumes that we are resolutely committed, by our political will and our degree of economic organization, to the battle of production and productivity.

Proceeding to conserve energy resources necessarily means improving productivity and the performance of the production machine, including that of the hydrocarbon sector. It means ensuring that the decreasing tapping of our oil wells may take place without any decrease in our rate and volume of investment or in the expansion of our industrial and economic structures. It also means investing in man, in his training so as to enable him to increase his ability to create and produce wealth.

These are all preliminary conditions without which we would be doomed to devoting more and more of our oil income to the importation of food and consumer goods. The absence of any serious effort to meet these conditions resulting in an energy strategy aimed at the conservation of our resources can only lead to a form of exhausting those increasingly scarce resource to the detriment of our economic independence and our process of development decreed by our fundamental option and choices.

It therefore becomes necessary to define strictly and precisely what share will be reserved for the financing of development within the framework of the optimum management of our reserves and this in terms of the overall, long-term strategy that will enable our country to be free of the vulnerability inevitably resulting from being a single-product exporter.

Conservation, the country's long-term supply, an improvement in the degree of efficiency and organization of the other sectors of the economy and the training of men appear to be the terms of the equation of this new decade for the energy sector and the economy in general so as to protect our independence and the building of a socialist society.

All these aspects of the question will undoubtedly serve, within the new international context, to define an overall energy policy in keeping with the principles of the national constitution and the decisions made at the Special Congress of the FLN in June 1980.

One Purpose: Man

In the economic, cultural and social domain as a whole, the revolution is embarking upon the process that must lead to the establishment of a society based on the principles of socialism. To this effect, the revolution has established as its line of essential action the acceleration of Algerians' access to living conditions in keeping with the standards of modern life and the establishment, for Algeria as a nation, of an economic base freed from the underdevelopment bequeathed to it by the colonial system.... The advancement of man is the major objective assigned to economic, social and cultural development. The strictly economic activities, agriculture and industry in particular, are intensely involved, in addition to their mission of production, in this endeavor of ensuring man's advancement set forth by the national constitution, which clearly defines the goal assigned to our country's development.

In answer to the famous question posed by the late Rene Maheu, former director of UNESCO, "The problem is not development, but the purpose of development," the answer dictated by our fundamental options is crystal clear: The only purpose is man.

This purpose must never be excluded from our vision of the present and the future, especially when it is a matter of managing this precious resource of our subsoil, the hydrocarbons.

The heart of the problem is knowing how to process and convert these nonrenewable resources into reproducible assets that will in the future become the source of all our materials for production, investment and consumption.

This is a fundamental question insofar as it determines the level and rate of use and exportation of our hydrocarbons based on our financial needs. We cannot palliate the current inadequacies of our production apparatus indefinitely through a constant appeal to the resources we turn over to international markets.

Strict management, the improvement of human potential and the search for greater economic integration, combined with a determination to achieve truly diversified development, remain trump cards indissociable from the application of a policy of resource conservation and the upgrading of our natural resources, whose ultimate purpose resides in the advancement of Algerians.

What is essential is to succeed in creating economic potential that can ensure out independence without mortgaging our future and that of our children by practicing a financial casualness that is totally illusory, for the stakes of our economic liberation will for a long time to come remain the center of a relentless struggle between industrialized countries and those of the Third World.

The industrial redeployment of advanced economies and the redefinition of a new international division of labor must in no instance affect our political and economic approach. In this connection, the current phase of confrontation urges that we use greater responsibility in our decisions and actions if we wish to arrive, without too many limitations, at a complete mastery of our economy and our evolution in the direction of strengthened sovereignty over our national resources and also in the direction of their rational use for effective growth and true social progress.

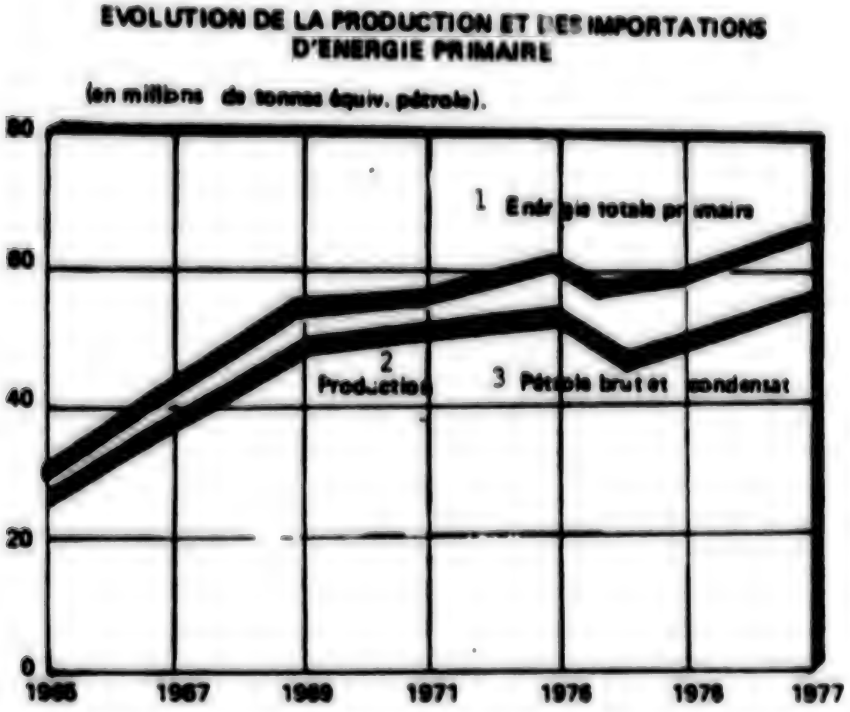
While the era of cheap energy is gone forever thanks to the battles in which OPEC was one of the main protagonists, the struggle is still open and shifts to other areas in which our natural resources must constitute a decisive element in negotiations for a new international economic order.

For us today, the effect on our energy policy means the constant, responsible use of judicious arbitration between the respective shares of hydrocarbons which must be in keeping with the essential objectives set for this key sector of our economy, to wit: guaranteeing the country's energy independence; contributing to the financing of national stores; and finally, upgrading hydrocarbons, both with respect to international unit sale prices and the transformation of hydrocarbons within the framework of an expanded industrial base and the constant search for greater integration of our economy.

That is the heart of the problem. Let us now turn to the question of what we have done in this energy sector so as to be able to see how far we have come and derive the necessary lessons in order to better understand the content of our national energy policy.

3. Lessons of the Past

Evolution of Production and Imports of Primary Energy (in millions of equivalent tons of oil)



Key:
1. Total primary energy 2. Production 3. Crude oil and condensate

Over the past decade, the energy and petrochemical industries sector has experienced intense development with respect to investments and the completion of numerous industrial units as well as production and export. All these actions now require an objective evaluation that will make it possible to find a health, rational approach to the problems of this sector and thereby better define its mission and place in the national economy.

What is the main activity of the energy and petrochemical industries sector? For energy from hydrocarbons and gaseous substances, it is crude oil, condensate, propane gas liquefied at the sources and natural gas.

Next comes energy transformation, including refining, separation of liquefied petroleum gas (GPL) and production of electricity.

Finally, one has the transporting of energy, involving oil and gas pipelines, the transport of electricity, secondary natural gas piping, the channeling of finished products and the liquefaction of natural gas for intercontinental transport.

Considerable Potential

For the petrochemical industries, one has first of all the basic products industries with ethylene, ammonia and methanol plants and units for the extraction of aromatics and bitumen.

This activity is completed by the petrochemical derivatives industry: fertilizer plants, plastic products and resin units and paint plants.

The chain ends with processing industries: plastics, tires, plant products and sulfur.

Along with these main activities, various related activities are carried out by enterprises in the sector, mainly SONATRACH and SONELGAZ [National Electricity and Gas Company].

These related activities concern energy in the search for hydrocarbons, drilling for oil, oil services, laboratory analyses and storage.

Along with the function of the overland transport of fuel and other products such as fertilizer and tires, the foreign marketing of energy products and hydrocarbon derivatives is also ensured, along with packing, the network of service stations, sales points, fuel depots, urban distribution systems for gas and electricity and GLP containerization centers to cover the national market.

All these activities have means to build industrial facilities (construction and assembly of metal structures, studies and engineering), as well as civil engineering structures, buildings and public works (roads, runways, buildings, electrical systems, piping, oil pipelines).

Support structures for enterprises consist in major repairs and maintenance (foundry, electromechanics).

Thanks to the different logistical bases, research laboratories and training centers [sic].

As one can see, the sector includes a very extensive range of activities and means.

Today, the production apparatus is enormous and all the action that must be performed within the framework of the national energy policy must make all these facilities profitable. The latter may be subdivided as follows: 1,015 oil wells in production, 109 gas wells, 2 gas treatment modules, 2 GPL extraction units, 4 refineries, 3 liquefaction units, 2 fertilizer complexes, 2 petrochemical complexes, several plastic processing units and an installed electrical production capacity of 1,384 megawatts.

Government's Share of the Different Branches of the Sector (in percent)

	1966	1970	1978
Mining	12	92	95
Extraction of crude oil	11.5	35	81
Gas extraction	18	29	100
Transport by pipelines	8	50.5	100
Refining	20.5	90	100
Fuel distribution	0	100	100
Electricity	100	100	100

Naturally, this entire production machine has required money and therefore, considerable sacrifice. Between 1970 and 1978, 7813 billion DA [Algerian dinars] were absorbed by the sector, including 19 billion DA for 1978 alone.

These investments have evolved rather rapidly, going from 12.7 billion DA in 1970-1973 to 65.5 billion DA in 1974-1978. From the financial standpoint, by the end of 1978, SONATRACH had mobilized 27.4 billion DA in credit, that is, over $7 billion. This shows the magnitude of the effort devoted to the sector.

From One Form of Energy to Another: Average Rate of Conversion

Energy Product	Base Unit	Known or Estimated PCS[1]	Specific Unit Used	1,000 TEP[2]
Coal and coke	1,000 tons	7,500 th/t[3]	1,000 tec.[4]	0.75
Wood	Millions stores	1,500 th/t	1,000 tec.	0.75
Crude oil	1,000 tons	11,000 th/t	1,000 t.	1.1
Petroleum products	1,000 tons	11,000 th/t	1,000 t.	1.1
Natural gas	Millions m^3	9,380 th/m^3	Mth	0.1
LNG	1,000 m^3	5,875 m^3	Mth	0.1
Manufactured gas	Mth (*)		Mth	0.1
Blast furnace gas	M m^3	1 th/m^3	Mth	0.1
GPL	1,000 tons	11,800 th/t	Mth	0.1

(*) 4.5 th/m^3
1 [expansion unknown]
2 [equivalent tons of petroleum]
3 [expansion unknown]
4 [expansion unknown

The estimated service on the foreign debt for 1979, for example, amounted to over 4 billion DA.

While the energy sector received a great deal, it also yielded a great deal because 97 percent of the country's total exports are provided by the sector. It should also be noted that 81 percent of SONATRACH's turnover comes from exports which, as activities, received nearly 62 percent of all investments during the 1974-1978 period.

This clearly shows the important place occupied by the sector in the national economy, for it absorbs nearly 27 percent of all the country's imports, or nearly 7.7 billion DA. For 1978 alone, 19 billion DA were invested, including 40 percent in foreign exchange.

The colossal sums invested in the energy sector are mainly oriented toward activities linked with export (extraction, transport by pipeline, gas treatment and liquefaction), production (electricity, the processing of hydrocarbons), distribution and the sector's own means of carrying out projects.

Exports: Largest Share of Investments

This mission entrusted to the sector of meeting the country's need for financing and supplying its energy requirements explains the large portion devoted to activities, research, development, pipeline transport and liquefaction.

Fulfillment of Plan Estimates for Selected Products (Objectives and Cumulative Results of Public and Associated Sectors)

Product	Unit of Measure	Prod. 67/69	Cum. Est. 68/73 Plan	Prod. 70/73	Cum. Est. 74/77 Plan	Prod. 74/77	Prod. 1978
Crude oil and condensate	M tons	126.5	220.5	186.2	239.3	196.6	57.1
Natural gas	B m^3	9.2	22	13.9	58.2	28.7	12.5
GNL (equiv. gas)	B m^3	4.5	14.5	7.4	34	15.2	6.5
GPL	M tons	0.3		0.6	6.2	2	0.7
Refined products	M tons	5.7	13.3	11.1	21.9	17.7	4.4

Evolution of Domestic Market for Certain Products; Estimate of National Demand

Products	Unit of Measure	1967 Dem.	1967 Prod.	1973 Dem.	1973 Prod.	1978 Dem.	1978 Prod.	Av. Growth p.a. 67 & 78 Dem.	Av. Growth p.a. 67 & 78 Prod.
Crude oil	M tons	2	39	5	50.8	7.5	57.1	12.8	3.6
Refined products	M tons	1.2	1.8	2.3	4.7	3.9	4.3	11.3	8.3
Natural gas (for domestic consumption and industries excluding LNG)	B m^3	0.4	2.9	1.3	4.8	2.8	10.6	19.3	9.7
PL	Th.tons	83	85	260	245	565	680	19.1	20.6

In other words, 64.6 percent of the sector's investments during the First Plan and 61.7 percent of all investments during the 1974-1978 period were made in these activities. SONATRACH was the principal participant and these investments represented 73.2 percent of the enterprise's accomplishments in 1970-1973 and 67.3 percent in 1974-1978.

This trend is also reflected by the large amount of investments under the second 4-year plan, due to the substantial increase in needs, which have risen from 6.2 billion dinars to 40.5 billion. And yet, this inc ease also expresses the increased cost of imported equipment and the accelerated inflation characterizing the period.

Moreover, it is useful to emphasize that not all the investments linked to these activities are exclusively for export. Part of the investments contribute to upgrading hydrocarbons on the national level for refining, petrochemistry and the domestic market.

Concerning extraction, investments have consisted in the completion, during the First Plan, of 4-year programs to explore and develop deposits, programs continued during the Second Plan. Next came natural gas treatment units (five in number) and two reinjection stations. The amount of these investments rose from 1.5 billion DA in 1967-1969 to 4.7 billion DA in 1970-1973 and 26.2 billion DA in 1974-1978.

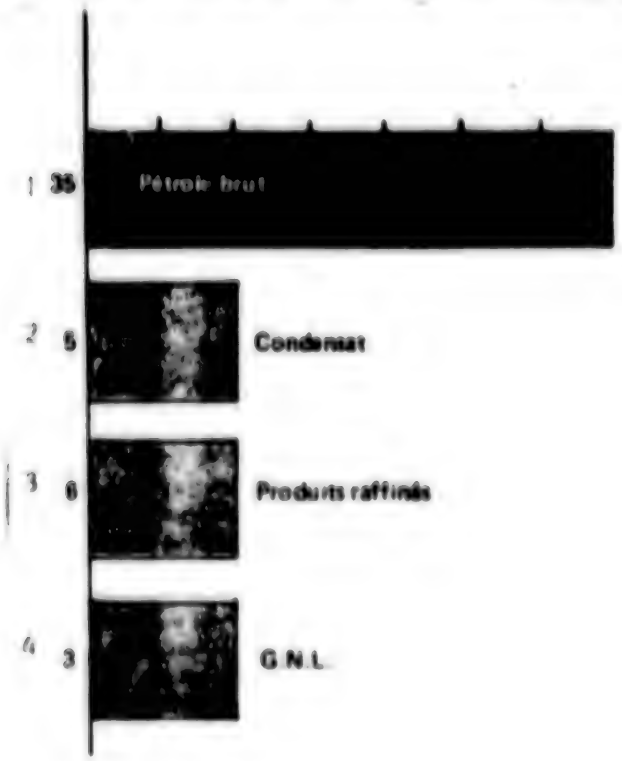
The effort to expand the production base involved oil and gas only to a limited extent because the exploration effort was very modest, even weak.

Therefore, the increase in production of crude oil is essentially due to the acceleration of the rate of working existing deposits (which has not always been in keeping with a healthy depletion of deposits) and also the putting into production of new

deposits, contributing in the amount of 9 percent of the remaining recoverable reserves. Another factor in this increase in production of crude oil resides in the expansion of existing deposits.

For transport by pipelines linking facilities in the fields to facilities on the coast (export terminals), this activity has registered a high level of investment, which rose from 656 million DA in 1967-1969 to 2.3 billion DA during the First Plan and 5.8 billion DA from 1974 to 1978.

Hydrocarbon Export Receipts 1980 (in billions of dinars)



Key:
1. Crude oil
2. Condensate
3. Refined products
4. LNG

These investments were for the completion of oil pipelines, whose number went from 3 pipelines in 1967 to 6 by the end of 1978, increasing the capacity to carry liquid hydrocarbons from 48 million tons per year in 1967 to 84 million tons per year in 1978. The number of gas pipelines went from 1 in 1967 to 3 in 1978, with a capacity to carry gas rising from 2.8 billion cubic meters annually to 30.7 billion cubic meters annually.

As a complement to investments linked to export, natural gas liquefaction units were built: Three liquefaction lines at Skikda, one LNG plant at Arzew, three additional lines at Skikda and a second liquefaction plant at Arzew (now being built) joint the Camel liquefaction unit in operation since 1964.

Investments in this activity went from 1.3 billion DA during the First Plan to 8.5 billion DA for the 1974-1978 period, or 11.6 percent of the enterprise's investments for the First Plan and 1.1 percent for the Second Plan.

Production: Considerable Effort

The amount of investments in the energy sector devoted to production activities has reflected the considerable effort which our country has made to respond to the many demands of development. For the production of electricity with SONELGAZ, investments rose from 544 million DA in 1970-1973 to 1.3 billion DA for 1974-1978. During this period, eight projects (steam generating stations and gas turbines) were launched, including three for the 3-year period and five for the first 4-year period. These projects were continued during the Second Plan, bringing the maximum installed power of 608 megawatts in 1967 to 1,834 megawatts in 1978, exceeding plan estimates. For the Second Plan, nine powerplant projects were launched.

In addition, the establishment of a hydrocarbon processing industry had several objectives, including supplying the national market with refined products (fuel, lubricants, bitumens), the expansion of basic industries, industrial integration in the field of chemistry, making the necessary quantities of fertilizers available to agriculture, and finally, the upgrading of our natural resources before their exportation.

The investment effort was characterized by the establishment of several units in these different domains. From the sum of 500 million DA in 1967-1969, investments in this activity rose from 1.4 billion DA during the First Plan to 8.2 billion DA in 1974-1978.

For the First Plan, seven projects were launched: two in plastics, one in refining and two in fertilizers. During the Second Plan, some 32 projects were set in motion: three refineries, one petrochemical unit, 11 fertilizer projects and 17 plastics units. The share of investments of all these units compared with the total amount carried out by SONATRACH is 12.5 percent for the First Plan and 13.6 percent for the Second Plan.

Distribution

This activity, whose objective is meeting national demands for gas, electricity and petroleum products, has resulted in the establishment of a large infrastructure requiring a high share of investments during the two 4-year plans.

And yet, the effort undertaken in the field of distribution remains inadequate considering the expansion of the national market. For SONELGAZ, this investment rose substantially: from 464 million DA in 1970-1973 to 2.3 billion DA in 1974-1978. This amount included the share for the high-tension line to carry electricity, which was increased from 3,028 kilometers in 1967 to 5,067 kilometers in 1977.

In the field of electrification, projects were numerous and included the following: 183 centers electrified between 1967 and 1969, 436 centers electrified between 1970 and 1973 and 1,438 by the end of 1977.

Concerning gas, 19 branches were completed between 1974 and 1977, with the gas system expanding from 2,596 kilometers in 1970 to 5,434 kilometers in 1977.

For its part, SONATRACH invested 233 million DA during the first 4-year plan and 2.2 billion DA during the second. These investments involved the establishment of integrated systems to respond to the demand of the national market.

In sum, one can say that the investments made during the past decade fit into the general orientation of the different development plans drawn up, plans that gave clear priority to productive investments for the purpose of establishing an economic infrastructure.

The establishment of this material base is defined more concretely for tasks to be accomplished through an intensive upgrading of the resources of the subsoil, particularly the hydrocarbons. It is a question of increasing the value of the resources of the subsoil in order to increase the country's internal financial possibilities, expand the number of basic products indispensable for the modernization of agriculture and the development of industries and develop products destined to meet prime needs and broad consumption.

These objectives, integrated into the more general objectives of regional balance and the integration of the national economy, imply, in order to evaluate the efficiency of investment, the consideration of two important aspects: on the one hand, the need for financial profitability (foreign exchange) for investments linked to export, and on the other hand, the process of industrialization and of replacing imports.

With 62.2 percent of the sector's total investment devoted to activities linked to exports, 15 percent to production and 7 percent to distribution, receipts in foreign exchange have evolved as follows: 2,728,000,000 DA in 1967, 7,251,000,000 DA in 1973 and 24.52 billion DA in 1978. The objective of establishing a basic petrochemical industry did not benefit from the same investment effort that export activities did. Actually, during this period, a petrochemical complex at Skikda, a methanol and synthetic resin unit at Arzew and an STPP [expansion unknown] unit at Annaba were built and experienced very difficult startup and operating conditions.

Limited Choice

For investments as a whole in the sector of energy and the petrochemical industries, the problem of industrial choices is still of acute, current interest.

In the course of this startup phase, in which the principal objective was first of all the establishment of a production apparatus, and considering the lack of experience in the field and the specificity and technological complexity of the activities involved, the problem of industrial choices was essentially limited to the choice of units and of technical procedures.

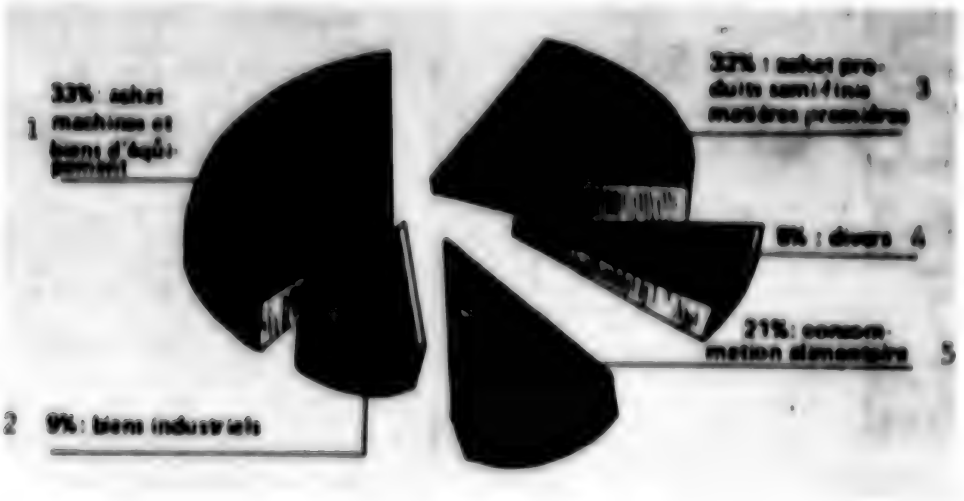
Actually, with respect to the activities of SONELGAZ, for example, the production of electricity to meet the country's demand for electric power, was achieved through the construction of powerplants mainly using gas, given the abundance of this source of energy and the poor potential of water power.

For SONATRACH, it is important to emphasize that the activities as a whole were all new industrial ventures for the enterprise.

The objectives of meeting national demand for oil products and the concern over integration in order to set up a complete chain aimed at going from the raw material to the finished product and furnishing goods and services necessary for reserves

determined the industrial choices marking the different phases of development of the sector.

Structure of Imports (in billions of DA)



Volume of imports in 1980 = 55.5 billion DA = 40 percent of national production.

Key:

1. Purchases of machinery and capital goods
2. Industrial equipment
3. Purchases of semi-finished products and raw materials
4. Miscellaneous
5. Food consumption

Investments (in millions of DA)

	1970/73	1974/78	Total	Percent
Investments linked to export	SH:8225	40,516	48,741	62.2
Investments linked to production	SH:1472	8,247	9,719	15.0
for the domestic market	SONELGAZ: 555			
Investments linked to distribution	SH:232	2,173	2,405	7.0
	SONELGAZ: 464			

The problem of industrial choices at a more detailed level and their consequences should be seriously considered for the future insofar as it will be a question of developing in a planned fashion, in order to meet the needs of a growing national market for the sector's goods and services, the processing activities, defining what the output of these industries will have to be.

These industrial choices are marked by the country's development and the need to rapidly set up a material base with a technology that is very often the monopoly and private preserve of a few large international firms.

Evolution of the Share of Investments in Hydrocarbons (in billions of DA)

	1967-69	1970-73	1974-77	1978	Total
Hydrocarbons	2.5	9.8	36.0	14.7	63.0
Total industry	4.9	20.8	74.1	32.6	132.4
Total productive investments	7.2	28.4	96.7	40.7	173.0

Evolution of Hydrocarbon Exports in Quantity

	Unit	1967	1969	1973	1977	1978
Crude oil, condensate	M tons	36.4	42.1	46	47.4	47.5
LNG	M m^3	2.1	2.9	4	6.8	10.8
Refined products, GPL	M tons	8	532	200	1435	1579

Evolution of Foreign Trade (in billions of DA)

	1967-69	1970-73	1974-77	1967-78
Equipment imports	4.0	11.0	39.2	70.7
Imports of services	2.0	4.1	16.5	30.2
Outstanding debt	6.3	23.0	67.4	89.0
Mobilizations	1.9	9.9	33.3	66.5
Service on the debt	1.0	3.3	13.8	25.4

In many cases, the technology chosen is not the result of a choice defined by operators on the basis of national industrial experience, but rather, from trade that developed between the sector and Western equipment market due to the intense rate of investment experienced.

The size of the units built, the industrial methods chosen and the techniques adopted were essentially [determined] by methods of construction, modes of financing the different projects and the nation's weakness in designing and carrying out such undertakings.

This situation made it necessary to resort to foreign designs, studies and construction, which was not without an impact on industrial choices (procedures and equipment), and rendered the consolidation of experience and knowledge by national personnel through the completion of industrial units difficult.

In the course of this period, the evolution of contractual forms was characterized by a shift from the traditional-type entrepreneur's contract (including the risk of the entrepreneur) permitting control over all operations and technical and financial aspects to various contractual forms (turn-key, product-in-hand, cost plus fee) of the operator-type contract, along with an increase in the number of subcontracts, meaning a weakening of control.

The future will require that we anticipate returning to contractual forms making it possible to safeguard our rights and effectively control the object of the contract.

At this level, the problem of control may in the long run be posed in terms of national sovereignty, inasmuch as difficulties in mastering projects and their channeling may have a heavy effect on the actual control of our investments.

These limitations partially explain the extent of what the sector has left to do.

Actually, for the projects of the first 4-year plan, costs amounted to something on the order of 14.3 billion DA for activities linked to export and those linked to production for the domestic market.

Updated, these costs amounted to 16.4 billion DA at the end of 1978. Out of this amount, projects completed totaled 13.8 billion DA at the end of 1978, leaving 2.6 billion DA at the end of 1978.

For projects under the second 4-year plan, costs for specifications for all activities went from 102 billion DA to 130 billion DA updated at the end of 1978. Some 55.3 billion DA of these projects were completed, leaving 74.5 billion.

Under the two plans, the amount remaining to be completed, 77 billion DA, represents nearly 1.5 times the amount of investment spending during the Second Plan, a substantial sum.

Weaknesses

If, based on the evolution in the rate and volume of investments devoted to the energy and petrochemical sector, one measures the extent of the accomplishments and the effort made to acquire a dense and complex production apparatus -- despite the limitations of a generally weak infrastructure and a cumbersome administrative environment -- one cannot fail to be satisfied with the progress made, for one cannot forget that we had little time in which to gain experience or that in many fields, we have used highly advanced techniques which many Third World oil-exporting countries have not yet introduced into their industrial and economic structures.

This is to our credit. Nevertheless, on the eve of this new phase of our development and the application of the national energy policy, we must define our weaknesses and deficiencies in this sector so as to understand the scope and interest of this new phase in the management and utilization of our natural resources.

Masking our difficulties could never help to gain effective, responsible control of our problems, which are now very numerous and highly diversified in this vital sector of the economy which energy is.

We shall try to underline the main obstacles and distorsions that have become apparent during the past decade.

The fundamental objectives of the sector consisted or ensuring the country's future supply of energy products through the preservation of available reserves and through an effort to increase the volume of known reserves, whence the intensification of our effort by means of improved operations aimed at better protection of deposits and greater recovery of available reserves. At the same time, we developed our exploratory activities through the creation of a specialized national tool. In this field, the weak results obtained in the past resulted in technical assistance that must be circumscribed and controlled.

Moreover, the other aspect of our objectives consisted in acquiring the financial resources needed for national development, while creating the conditions of economic independence through an increase in or maintenance of rates of production since levels of production (partially) determine the volume of receipts.

The first lesson that can be learned is that today, the extension of the period of takeoff, maturation or reorganization in the production, processing and agricultural sectors and their lack of economic performance do not yet make it possible to gain other sources of accumulation than those constituted by exhaustible natural resources, their extraction and exportation.

In other words -- and this is a cardinal observation -- the evolution of export receipts will continue to be determined, as in the past, by hydrocarbon resources, while the share of other products, finished or semi-finished raw materials, will remain marginal.

If one considers the different missions assigned to this sector, one has to note that the exploitation of hydrocarbons has responded to its missions unevenly. This differing intensity in the utilization of hydrocarbons to fulfill the three main missions of financing, industrialization and the satisfaction of internal energy needs corresponds to and reflects the level of development attained by the country, which still permits only a relatively low consumption of energy, while revealing weaknesses in the management of the national economy and the handling of modernization actions, which lead to disproportionate import programs and make our economy even more vulnerable.

These exports, whose receipts exceeded 50 billion DA in 1980, make it possible to sustain imports of machinery and equipment for investments as well as of products and various services indispensable to the operation of the country's different sectors of activity, but they also help sustain increasing volumes of food and non-food imports.

What Are Derivatives?

Derivatives include: liquefied natural gas, oil products, liquefied petroleum gas produced at refineries and liquefaction units, coke, gas from coking plants, blast furnace gas and derived electricity (thermoelectric energy and energy produced by diesel).

What Is Primary Energy?

Primary energy includes: the commercial portion of natural gas produced destined for the domestic market (SONATRACH and SONELGAZ units), gas liquefaction units (Italy gas pipeline), the production of condensate to be exported, liquefied petroleum gas (GPL) produced at sources, and solid fuels.

Production

Despite the immense financial needs resulting from the application of different development plans, the production and exportation of hydrocarbons grew only moderately during this entire period, with an average annual rate of 52 percent in volume between 1967 and 1978.

This clearly differentiated growth was much more marked during the early years than subsequently because at the outset, the sector's thrust was determined almost exclusively by the working of crude oil deposits existing or put into production during the 3-year period. It would subsequently be replaced by a rapid increase in oil production, the result of new discoveries, and an intensive development of deposits, as well as the startup of large-scale production of gas and condensate.

In 1977, the second 4-year plan provided for oil production totaling 65 million tons and gas production amounting to 24 billion cubic meters.

Obviously, the poor results of research and exploration, the many difficulties encountered in the execution of gas programs and these long periods required for investments caused poor growth of production in all areas.

Today, the cumulative production of natural gas is 90 billion cubic meters for a level of reserves totaling an estimated 3 trillion cubic meters.

The same is true for condensate, whose cumulative production is around 30 billion tons for reserves totaling an estimated 450 million tons.

The situation is nevertheless quite favorable for crude oil, whose medium- and long-term interest is greater. Cumulative production for the decade is nearly 800 million tons for reserves totaling an optimistic 1.2 billion tons.

The situation of crude oil must be reconsidered because certain deposits have been overworked, which is not compatible with the principle of conserving our resources. Moreover, certain recovery techniques such as gas injection were not used at the proper time or in a complete and systematic manner.

In fact, substantial gaps exist between estimates and execution with regard to gas injection if one compares the coefficients of gas reinjection stations. This inadequate operation may also harm the policy of preserving hydrocarbons.

For gas and associated products, delays in execution and inadequate coordination of different projects in the same series led to critical situation. Consequently, the production of some products must be completed in very restrictive time periods based on means available.

In the case of the Hassi R'Mel deposit, for example, its accelerated development resulted in the establishment of costly and heavy facilities before there was adequate knowledge of the deposit in question.

Moreover, one can say that commitments made based on estimates of reserves and without any precise and updated evaluation, excluding corporate profitability, have substantially reduced the room to maneuver and freedom of action. This is quite noticeable with respect to gas when one compares the current net receipts from gas sales with the future cost of foreign supplies. This situation should not lead us to accept such surcosts when one thinks about conservation for future generations.

Consequently, our objectives of independence and secure supplies in the long run mean that analyses in terms of prices must be cast aside because they may lead us to a delicate position with respect to continuity in the productive accumulation process.

Different Forms of Energy

Coal and charcoal, coke, wood, crude oil and condensate, light petroleum products (automobile and airplane gasoline, jet fuel, kerosene and paraffin, naphtha), heavy petroleum products (diesel and fuel, oils, bitumens and other heavy residues), natural gas, LNG, manufactured gas, GMF [expansion unknown], GPL (butane and propane) and electricity.

Exploration

Despite the amount of money spent, the organization of exploration remains inadequate in view of the needs and objectives set in this field. Serious consideration must be given to the strengthening of the national structure in order to gain gradual mastery of this activity. In the absence of a clear plan, the waste of resources is accompanied by heavy foreign assistance, made up of heterogeneous teams of different nationalities.

The question of manpower in this area is important, for the strong presence of foreign assistance has not permitted the transfer of experience and knowledge needed for the training of technicians. Instead of having one foreign engineer for four Algerian engineers, we have had thirty foreign engineers to every one Algerian! Furthermore, most of the Algerian personnel in this domain were assigned to management and administrative tasks scarcely contributing to their absorption of technical experience.

In all the countries of the world, exploration is being pushed heavily and the budgets devoted to it are enormous, even if the chances of discovering deposits are meager. This is so because of the evolution of the market and the need for energy resources in the world.

For our country, the question that must be asked is the following: How much money must be devoted to exploration if we want to renew oil as many times as the oil produced? The answer to this question is difficult because it is linked to the development of the country's main resource. Here, its bold and well-studied resolution can correspond to a new departure of the economy. Nevertheless, one can also turn this delicate question around: How much money is to be devoted to exploration and what can one do with the sums allocated?

The amount of money allocated to exploration is modest, even low. With 150 billion centimes [sic] a year, one can drill between 20 and 30 wells. Compared with the area of our sedimentary basins measuring 1.5 million square kilometers, this action is undeniable insufficient.

In order to have an idea of the financial effort to be made, an exploratory well costs between 6 and 6 billion centimes, depending on the nature of the soil, accessibility, and so on.

As long as our country still contains hydrocarbons, it would seem that the investment needed to discover them will be large. Moreover, with the sums devoted to the task to date, we have discovered very little over the past 10 years. The first reaction is to say that the amounts allocated to exploration must be raised substantially because our country's principal resource is at stake.

Question: Can we do this to the detriment of our economic and social development and at the cost of meeting our citizens' essential needs?

What is the solution?

It becomes necessary to call upon foreign investment in a very closely controlled manner.

The agreements signed to date are ones in which the following conditions have existed: a very high investment per square kilometer, investment in high-risk areas and investment in areas to which access is difficult.

Result: To date, the area explored amounts to less than 100,000 square kilometers, or less than 1/16 of our sedimentary basins.

Financing of these exploratory operations is 100 percent provided by foreign companies. If a discovery is made, a production right of between 35 and 42 percent is bestowed, with SONATRACH retaining between 58 and 65 percent of the crude oil discovered. There currently exist 12 partnership agreements with 15 foreign companies in Italy, Spain, Brazil, France, Germany, the United States and Yugoslavia.

Concerning our drilling potential, made up of over 150 rigs, its performance has diminished compared with the 1960's, mainly because of its extensive growth which was not accompanied by adequate logistical or suitable organization, whence its unbalanced growth, the source of declining output.

Processing

An important program for the upgrading of hydrocarbons was launched. Its prime objective was to eliminate our dependency for products such as fertilizers, refined products and plastics and to achieve the maximum added value in Algeria through the manufacture of a large number of products from the processing of primary products: oil, gas and phosphates.

Achievements in this area include a plastics complex at Skikda to produce basic raw materials such as ethylene and its derivatives for industry and to process plastics, a methanol and synthetic resin complex at Arzew and two complexes and several fertilizer production plants at Arzew and Annaba for agricultural needs.

But for these facilities, the anticipated results never came to full fruition. The shutdowns, numerous defects, sophisticated technologies and heavy foreign assistance all constituted obstacles to the smooth operation of these units, which also suffered from poor engineering and a failure to improve experience. Although completed in 1977, the polyethylene unit at the Skikda plastics complex has not yet gone into operation. Because of a problem of personnel deemed to be inept (!?) [sic] the opening of the unit was deferred. This naturally prolonged negotiations with the builder aimed at joint management. As a result, given the extent of the delays, the equipment was dismantled so as to make technical verifications, whence the harmful consequences for the ethylene unit, for the marketing of this product remains subject to the contingencies of the international market.

Given all these painful conditions, one easily understands why the complex's turnover is less than the cost of the foreign technical assistance.

Concerning the ammonia plant at Arzew, its operation has been greatly impaired since 1969. In addition, a delay in the bringing in of utilities for the nitric acid, ammonia and ammonium nitrate units resulted in a deterioration of equipment harmful to the proper operation of facilities.

Finally, with respect to the Annaba phosphate fertilizer plant opened in 1972, it has had a low rate of use (40 percent) and requires the installation of a water cooling system. It has also had difficulties with the supply of sulfur, which is imported.

These examples point up the weakness of engineering and the inadequate mastery of technical procedures by Algerian personnel, because generally the selection of suppliers and the choice of manufacturing procedures are up to multinational firms which control the engineering consulting companies.

Distribution

We have already seen the amount of investments devoted to distribution, which naturally has resulted in an outdated, scattered and poorly located storage infrastructure. It must be stated that it includes only facilities recovered from public enterprises. Because of difficulties with supply, transport and seasonal fluctuations, the storage autonomy available to us for distribution is meager.

Between 1970 and 1977, fuel storage capacities dropped 20 percent, while sales doubled. Furthermore, marketing is difficult to ensure because of the uncertain estimates of demand. And yet, the notion of time is very important for the distribution of fertilizer, agricultural activity and supplies of automobile fuel. Great efforts are expected in this field so as to ensure fluid, effective distribution in line with the size of our territory and the usefulness of the products marketed.

Algeria's Overall Consumption of Energy in the World

In Tep/hab 1974
Source: UN statistics and Jr. Frish
Compilation: SONELGAZ/GE

World	1,450
Western Nations	4,270
North America	7,950
West Europe	3,000
Japan and remaining Western nations	2,200
Eastern Nations	3,500
USSR	3,590
East Europe	3,280

[Energy Consumption, cont.]

Third World Nations	330
China	440
Rest of Third World	290
Algeria* 1974	365
Algeria* 1977	450

* On the basis of overall energy consumption.

Conclusion

After attempting to outline the negative aspects of a decade of effort and achievements, what can one say in conclusion?

The national energy policy did not begin to feel the influence of financial factors until the time when the price that had to be paid to conduct specific investment programs, to cover the economy's operating surcosts and to amortize the contracted debt exceeded the potential export resources.

Previously, gas investments were officially accepted only if they did not compete with the other sectors of the economy. This attitude was partially determined by the international evolution, which allowed for the trend of the international gas market toward benefiting the seller's ability to negotiate.

The errors now detected in the evaluation of the medium- and long-term evolution of the hydrocarbon markets had their source in two convictions.

The first is that progress in the productivity and efficiency of our economic system comes about thanks to the stimulus of major projects and the contact with knowledge and organization transferred by foreign economies through investments. This attitude is more apparent in the hydrocarbon sector because of the spectacular nature of investments. It is present in all sectors, however.

Confidence in such a scheme reduced the importance of organizational choices and decisions, delayed the time when problems of inflation would be faced and productivity mastered and gave great credit to the idea that development is a technical and financial matter, while concealing its political and social nature.

The second conviction is that the crises now besetting the industrialized world are cyclical. Within a relatively short period of time (1980-1985), the latter will gradually be able to absorb the effects of the energy crisis and arrive at a new consensus with the Third World countries concerning prices for raw materials and the international division of labor.

Therefore, to allow financial analyses to give priority to investments is now considered an outdated view because the real struggle on the international level is no longer on the level of prices, as the advanced economies would have one believe, but rather, on the level of political and economic principles and a fair distribution of energy resources thanks to a search for remunerative prices, constantly readjusted, that would promote conservation, the search for new deposits and the use of alternative sources of energy.

4. Resources and Needs: A Necessary Balance

The conservation of strategic reserves cannot be dissociated from three essential elements: 1) the economy's ability to use renewable energy resources; 2) the growth in domestic energy consumption (which will exceed the equivalent of 40 million tons of oil by 1990); and 3) new reserves stemming from the exploration effort.

One cannot therefore speak of any national energy policy aimed at the conservation of resources without examining our volume and rate of energy consumption over the past decade and without taking up the crucial question of resources and our future needs.

In the future, greater consideration will be given to the national demand for energy in the conduct of our energy policy so as to meet all the industrial and domestic needs generated by the expansion of our productive base and improved living conditions for our citizens.

Review of the Past

In order to better analyze the situation that has prevailed over the decade, we have chosen to point up the evolution in energy production and consumption during the period from 1965 to 1977, confining ourselves to production, trade and consumption in order to measure the connection between the country's demographic and economic evolution and the evolution of the final consumption of energy.

The degree of energy consumption in a given economy often reflects the level of development attained by the country in question.

Total production of primary energy in our country more than doubled in 12 years, from the equivalent of 31.4 million tons of oil in 1965 to 66.6 million in 1977. This evolution can be broken down into two trends: very rapid growth of the average annual rate of 13.7 percent between 1965 and 1969, followed by very moderate growth at a rate of 3 percent from 1969 to 1977.

The production of primary energy essentially involves crude oil, condensate and dry natural gas, whose shares evolved as follows (in percent):

	1965	1969	1974	1977
Oil [illegible] condensate	92.9	93.9	89.8	88.4
Dry [illegible] gas	5.5	5.3	9.5	11.2

The share of other forms of primary energy, to wit, coal, wood, liquefied propane gas (GPL) produced at the source and hydroelectric power, has always been negligible.

Imports of primary energy have been miniscule. They represent heavy crude residue destined for refining in order to produce oil and tar, which Algerian crude cannot supply.

For derived energy, its production in 1977 amounted to the equivalent of 10.4 million tons of oil, which represents 3.4 times the 1965 level.

However, the most significant increase has occurred since 1973, following the startup of the Arzew refinery and the LNG plant at Skikda.

The 6.6-percent drop in production observed in 1977 resulted from the technical shutdown of the latter unit and from refinery difficulties due to the salinity of the crude.

The production of derived energy gives an idea, except for losses, of the portion of primary energy production processed in the country.

(in percent)	1965	1969	1974	1977
Rate of increase of derived energy production	9.8	8.7	15.3	15.6

(With a maximum value of 18 percent in 1975)

However, because of the exclusion of LNG, this ratio is not very significant of the Algerian energy structure. In fact, LNG represented 38.1 percent of energy production in 1977. As for the other forms of energy, their portion of total production was as follows in 1977:

Refined petroleum products	43.1 percent
Thermal electricity	12.3 percent
LNG and other derived gases	6.5 percent

Imports of derived energy, up 54 percent in 1977 compared with 1976 and 86 percent of which represent oil products and LNG, compensated for the losses previously mentioned. However, the volume imported remains moderate because it was not until 1977 that they reached 10.7 percent of the production of derived energy.

Concerning exports, crude oil and condensate represent 100 percent of all exports of primary energy. The evolution of these two products therefore closely followed the production profile examined above, reaching the equivalent of 52.9 million tons of oil in 1977. That same year, this level of exports represented 90 percent of the production of crude oil and condensate and 79 percent of all production of primary energy.

Exports of derived energy went from the equivalent of 1.5 million tons of oil in 1968 to 5.5 million in 1977. Their share of the production of derived energy evolved as follows:

(in percent)	1965	1969	1974	1977
	50.5	48.5	58.9	52.8

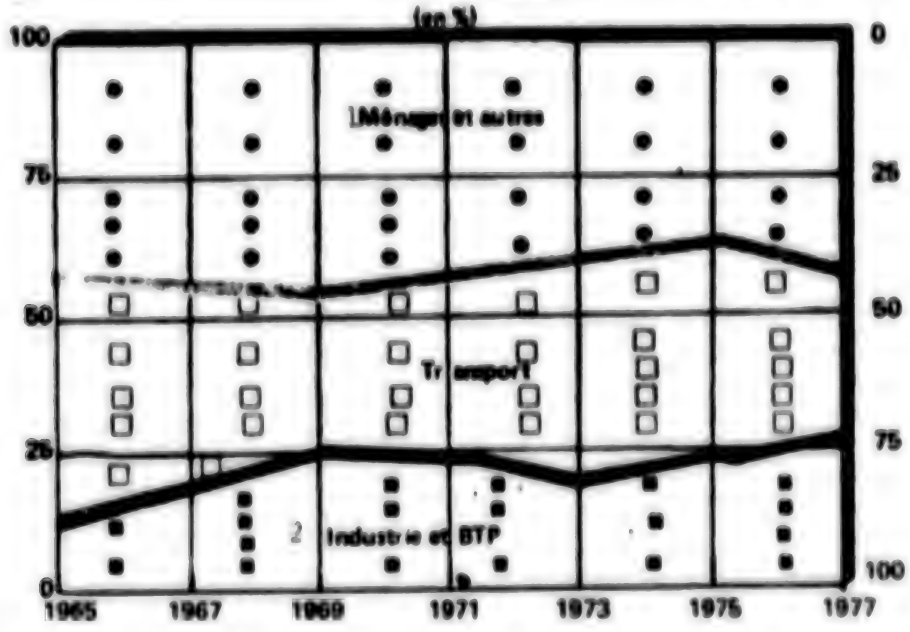
These exports remain dominated by LNG: 78 percent of the total in 1977.

Analysis of Consumption

First of all, nonenergy consumption, involving energy products used as raw materials in the petrochemical industry, experienced rapid growth from 1967 to 1972 following

the startup of the first units: nitrogen fertilizer complex at Arzew opened in 1969 and the Skikda plastics plant (end of 1971). The level of consumption reached in 1977, the equivalent of 221,000 tons of oil compared with 542,000 in 1976, reflects a substantial drop in activity for the year.

Evolution of the Share of Different Sectors (in percent)



Key:
1. Household and other 2. Industry, Building and Public Works

Let us now take a look at the evolution of energy consumption for energy products used by production units and energy processing units: pumping and compression stations, liquefaction units, refineries, electric powerplants, and so on.

In 1977, they reached the equivalent of 1.8 million tons of oil, or 23 percent of all energy consumption. In fact, 1977 had less activity than expected at the different energy processing units. The most significant ratio is the average figured for the 1965-1977 period, or 25 percent. Such a high rate of consumption by energy industries is explained by the self-consumption of liquefaction units, which exceeds 20 percent of all the gas delivered to such units.

Finally, the fluid energy consumption is the most significant factor in looking at the demand for energy, insofar as it is a question of the evolution of energy products used for the final consumption of agroindustrial sectors, commerce, cottage industry, offices and homes.

One can state that the final consumption of energy increased at a sustained and regular rate, with an average annual rate of 11.7 percent during the 1965-1977 period, which corresponds to a tripling of the figure in 10 years.

By sector, it evolved as follows: industry and buildings and public works, up 6.1 times; transport, up 3.4 times; households and others, up 3.3 times.

The very rapid growth of the industrial sector, 50 percent of whose needs come from the iron and steel and construction materials branches, largely explains the high rate of growth of final consumption.

The main forms of energy contributing to the satisfaction of the needs of final consumers are solid fuels 'coal, coke, wood and charcoal).

Crude and refined oil products, blast furnace gas, natural gas, LNG (butane, propane) and electricity [sic].

In view of the negligible quantities of some of these products, we shall retain only five.

Manufactured gas, which had completely disappeared since 1975, was integrated into natural gas for the preceding years.

In addition to the fact that natural gas has taken the place of manufactured gas, thanks to the rapid expansion of systems and their branches, it helped cover nearly 40 percent of the heating uses of industry.

With LNG (propane and butane), it permitted the coverage of nearly all heating uses of households.

Consequently, these products have experienced the most rapid penetration of the domestic market.

Rate of Growth in Percent

	1965	1969	1974	1977
Natural gas	11.3	9.1	9.4	15.2
LNG (propane, butane)	4.8	6.1	7.8	9.8

This partially explains the very rapid decline of solid fuels and the stagnation of oil products since 1973.

Rate of Growth in Percent

	1965	1969	1974	1977
Solid fuels	25.8	16.5	8.4	1.8
Oil products	35.9	51.3	57.5	56.2

Electricity is calculated on the basis of the "production equivalent" -- that is, by means of the energy resources transformed at powerplants (in 1977, 80 percent natural gas and 20 percent oil products and other residual products from certain producers such as iron and steel).

The amount of these electrical resources used to meet needs stemming from heating by gas and oil products has not significantly changed and is around 18 percent.

Reference Units

The reference unit used is the equivalent of tons of petroleum (TEP).

All other forms of energy except electricity are expressed in TEP on the basis of their PCS.

Electricity

Electric power is expressed: on the one hand, on the basis of a consumption equivalent (heat produced by 1 kilowatt-hour), the coefficient of conversion being a constant intake equal to 86 TEP/GW/h; and on the other hand, on the basis of the production equivalent variable in time. In this case, it is the energy resources used through electricity that are taken into account.

For hydroelectric power, the figuring is done on the basis of the energy needed for equivalent amounts of thermic power for which water power would be substituted.

Industrial Sector

Here also, one can note a decline in solid fuels, a trend toward stagnation, albeit irregular, of oil products, and finally, a quite rapid penetration of natural gas.

On the other hand, electricity demonstrated strong penetration until 1973, reaching 35 percent that year, but its share in 1977 was 30 percent, comparable to that of 1969, when it was 28 percent. Except for the iron and steel industry, its share of the industrial sector's consumption was 25 percent in 1977.

Transport

Some 99 percent of this sector's needs were covered by oil products and the remaining 1 percent by electricity. Better statistics are needed to analyze the different oil products: automobile gasoline, kerosene, diesel fuel, ship fuel.

Households and Others

Here, the products experiencing the greatest penetration are natural gas and LNG.

(in percent)	1965	1969	1974	1977
Natural gas		4.4	8.5	13.4
LNG		12	17.9	22.2

Electricity went from 20 percent in 1969 to 23 percent in 1977, but its penetration was not at all significant. In countries 100-percent electrified, this rate is currently over 30 percent, with the national electrification rate in 1977 being an estimated 53 percent.

Connection With Demographic and Economic Evolution

Our population went from 11.88 million inhabitants in 1965 to 17,442,000 in 1977, an average annual rate of growth of 3.2 percent, which means that the final energy consumption per inhabitant regularly rose at an average annual rate of 8.5 percent, going from the equivalent of 134 kilograms of oil in 1965 to 345 kilograms.

Energy is currently the most important production factor after work and capital. Its level of consumption therefore depends upon the level of economic activity. That is why it is interesting to see the evolution of the final consumption of energy with that of the domestic production of crude defined as the sum of added value of all branches considered as productive (including offices, financial institutions and households, whose production is figured on the basis of a nominal added value).

Nevertheless, the interpretation of the evolution of the GNP is distorted by the hydrocarbon branch, whose share evolved as follows:

1965	1969	1974	1977
13%	16%	35%	29%

The sudden change in structure beginning in 1974 resulted from the upgrading of hydrocarbons on the international market, which occurred in 1973-1974.

In addition, expressed in current dinars, the interpretation of its evolution is lowered by inflation (there are no GNP data in constant DA). Therefore, one must interpret the compared evolution between final consumption and the GNP cautiously.

Nevertheless, one will note that the growth of the GNP is clearly more rapid than the final consumption of energy. On the other hand, the comparison of final consumption/inhabitant and GNP/inhabitant shows quite a good correlation.

It should be pointed out that in the developed countries with a heavy industrial structure, the elasticity of final energy consumption compared with the GNP was much higher. Subsequently, due to some lightening of the industrial structures in those countries and energy conservation measures, this elasticity tends to be lower.

In our country, where the industrial structure is only in the initial development phase, one could easily make an observation of ascending elasticity by means of a historical analogy.

In general, the total consumption of energy increased 4 times over in 10 years, going from the equivalent of 3.7 million tons of oil in 1969 to 14.1 million in 1979.

Due to the expansion of our industrial base and the economic integration, the coming years will see this consumption go from the equivalent of 16 million tons of oil in 1980 to 40 million in 1990, an increase of nearly 150 percent. The effort to be made will have to be considerable in order to respond to this level of demand.

But before seeing how our national energy supply and total consumption will evolve, one should take up the question of our current energy resources.

Our Resources: Precious Asset To Be Preserved

What is this energy patrimony which we must manage and work in the most judicious fashion in order to preserve the energy future of the country and the coming generations composed of?

In general, what we mainly have is hydrocarbons, uranium and some coal. Because of our country's climatic conditions, the hydroelectric potential remains limited.

Hydrocarbons: Most Important Share

Because of their volume, hydrocarbons represent the country's main energy resource. They can be classified in several categories: crude oil, gas, condensate and liquefied petroleum gas (butane and propane).

Crude Oil

Proven recoverable reserves of crude oil on 1 January 1979 amounted to 980 million tons, plus probable and possible reserves on the order of 360 million tons, or an optimistic estimate of 1.34 billion tons.

Cumulative production on that same date was 700 million tons.

Natural Gas

Proven recoverable reserves remaining on 1 January 1979 totaled 2.7 trillion cubic meters, plus probable and possible resources totaling 950 billion cubic meters.

One can evaluate proven recoverable reserves of gas in the oil equivalent (energy equivalence) at nearly 2.5 billion tons, or 2.5 times the proven reserves of crude.

On 1 January 1979, we had a cumulative natural gas production of 77 billion cubic meters (excluding associated gas burned by flares, 10 billion cubic meters).

One must also consider associated gas reserves contained in crude oil deposits, representing 500 billion cubic meters proven.

While to date, a large part of the gas associated with the production of oil has been burned, it will in the future be reinjected into oil deposits by the introduction and improvement of reinjection techniques.

Condensate

Possessing great commercial value on international markets, condensate is produced at the same time as gas by wet gas deposits, which represent most of our gas reserves.

To date (1 January 1979), 20 million tons have been produced for recoverable reserves of 450 million tons.

Liquefied Petroleum Oil

Contained in natural gas as well as in associated gas, potential reserves reportedly total 208 million tons if the extraction systems are set up. Concerning full use of the refineries' liquefaction units and processing in the field, the production of GPL should increase rapidly.

Uranium

After treatment, this strategic raw material now constitutes the world's most immediate substitution energy for large-scale industrial use.

In our country, uranium reserves in Hoggar total an estimated 25,000 tons. In terms of installed power, these reserves, after treatment, could supply 5,400 megawatts for some 30 years.

Coal

Having returned to a place of honor in these times of crisis, coal makes up a small part of our energy resources with nearly 43 million tons located in southwest Bechar in the Abadla coal basin.

Water Power

Contributing one-tenth of our current production of electricity, the overall hydroelectric potential is not precisely known, to say nothing of our country's climatic conditions.

Future Needs

It is useful to look at the evolution of our future needs and their structure so as to better appreciate how adequate our resources and existing energy capacities are.

It is clear that for the coming decade, the extent of industrial and domestic needs requires a consistent and differentiated production of energy based on the technical development of our industrial equipment and the improvement in our citizens' living conditions.

The country's future energy supply and the evolution of the different forms of energy products in consumption make it possible to shed light on a proper balance between supply and demand.

National Energy Supply

For the production of primary energy, during the 1979-1983 period, the national supply will go from the equivalent of 94.2 million tons of oil to 159.2 million in 1983, with an average annual increase of 13.7 percent. This strong growth is mainly explained by the increased production of gas and condensate linked to it.

For the 1985-1990 period, the variation will be low, with an average annual increase of .95 percent: the equivalent of 189.9 million tons of oil in 1985, increasing to 198.4 million in 1990.

This drop in the rate of growth will result in the future decline in oil and condensate production starting in 1985.

However, one will note that crude oil production will continue to be greater than natural gas production until 1982 and that beginning at that time, natural gas will account for most of the total production of primary energy: 45.6 percent in 1983, 52.2 percent in 1985 and 61.8 percent in 1990.

Concerning derived energy, it will experience a strong average annual growth rate for the coming decade, some 38 percent between 1979 and 1983 and then dropping 4 percent after 1985.

Actually, production of derived energy will go from the equivalent of 23.2 million tons of oil in 1980 to 72.1 million in 1983, 95.7 million in 1985 and 116.6 million in 1990.

Future Consumption Prospects

Nevertheless, all consumption hypotheses for the future are based on a deliberate policy of using fuels available in large quantities.

Light Oil Products

If one considers the growth in the number of automobiles in the nation (9 percent annually) and the average annual consumption per vehicle (3 percent), these two rates will maintain an increase in fuel consumption of 10 percent yearly until 1990. Considering the current refining structure, an imbalance between supply and demand could appear by the middle of this decade. Moreover, urgent measures must be taken in order to increase storage capacities, which allow only short-term autonomy (3 to 1 day).

For airplane gasoline, projections are based on the needs of airline companies and expansion programs. In 1985, following the opening of new airlines and the construction of new airports, the average annual rate of growth will reach 14 percent, dropping to 10 percent after 1985. Finally, sales of kerosene will drop (down 10 percent a year) to the benefit of gaseous fuels.

Heavy Oil Products

Projections for fuel oil and diesel fuel include maintaining current growth rates: 12 percent annually for fuel oil and 10 percent for diesel, and encouraging the consumption of butane. Consumption of "earth" fuels will decline as far as SONELGAZ and SNS [National Steel Company] needs for emergency fuels at their thermal power stations permit. On the other hand, after experiencing strong growth, 50 percent annually until 1980, "marine" fuels will decline, with their rate dropping to 25 percent annually between 1980-1983 and 15 percent after 1985.

Bitumens and Lubricants

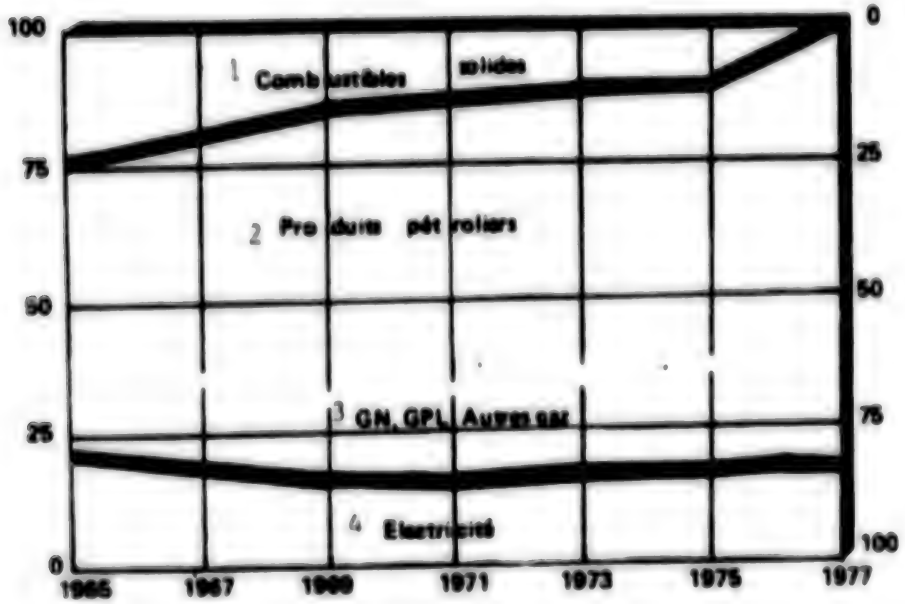
Widely used in the public works sector, their consumption has increased to date at the high annual rate of 18 percent for road bitumens and 26 percent for sealing bitumens

After 1981, these rates will drop to 11.6 and 14.8 percent respectively. Lubricants are proportionally deduced from sales of fuel oil and diesel fuel.

Liquefied Petroleum Gas

The anticipated increase in consumption of butane will be 12 percent annually from 1980-1983, 10 percent from 1983-1985 and 5 percent after 1985.

Evolution of the Share of Different Forms of Energy (in percent)



Key:
1. Solid fuels 2. Oil products 3. Natural gas, liquefied petroleum gas
4. Electricity

For its part, propane will experience an increase in consumption of 25 percent annually until 1985, then drop to 10 percent after 1985.

The increase in the number of containerization stations will be necessary in order to meet this growth in consumption.

Natural Gas

Covering 29 percent of all needs in 1969, natural gas makes up 54 percent of all energy consumption in 1979. The relative abundance of gas resources in the country favors the promotion of this fuel for national consumption. While the use of gas for the production of electricity and in order to meet energy needs of most industrial projects carried out over this past decade has become widespread, much remains to be done in order to make this form of energy available to homes in order to improve living conditions.

Electricity

Since 1970, over 2,000 population centers have been electrified, reaching 350,000 homes. The growing consumption of this form of energy has tripled production capacity and doubled the electrical distribution system.

The objective remains the total electrification of the country before the end of the decade.

In general, the consumption of energy equivalent to 40 million tons of oil in 1990 will result in a doubling of per capita consumption, which will go from the equivalent of .8 tons of oil to 1.6 tons.

Although one can ensure an overall energy balance between now and 1990, there will be tensions with regard to the supply of certain products.

However, it is certain that the national energy supply constitutes a priority toward which all operators in the sector will orient their actions and potential for intervention during this decade, whence the determination to put an end to certain problems in supply and distribution.

5. Energy Policy: Goals and Requirements

The financing of development, conservation, the search for new reserves, the upgrading of resources, international strategy, mastery of the management of the production apparatus and training are now the mainstays and goals of the national energy policy, whose contents and mission will be examined at the coming session of the Central Committee in December.

The energy question is becoming increasingly political and will long remain at the center of our economic concerns and procedures.

It is now a question of finding a coherent policy in order to control our future and be the free and sovereign designers of it.

"At a time when the Western world is mobilizing financial, technical and human means on a considerable scale in order to hasten the economic abandonment of hydrocarbons existing in Third World countries, the Algerian people are mobilizing to develop its true riches: the Algerian individual and his land. The oil and gas resources that currently support our development actions will have no meaning and will find a place in history only if they bring our the wealth found in man's work and its upgrading," states the constitution, thereby outlining our responsibilities to history regarding the country's resources and the coming generations.

"By the 1970's, we were already saying that the contribution of oil should be used as the point of departure for our development strategy. Today, what is the role assigned to hydrocarbons? Should we consume the proceeds from the sale of oil or think about other ways to emerge from the dependency created by exports of a single raw material?" asked Belkacem Nabi, member of the Central Committee and minister of energy and the petrochemical industries, during a debate at the People's Center.

That question by Minister Nabi contains the entire scope of the choice we have to make for the future. The answer to the question was clearly given in resolutions of the Central Committee and decisions by the Special Congress held in June 1980. The time has come to express these options through a coordinated, responsible policy in the energy sector and to encourage other sectors of the economy to reach a level of production and productivity compatible with our economic independence and our overriding concern for preserving our country's resources and long-term energy supply.

In analyzing the main trends of the world energy situation, one can only affirm that every barrel of oil or cubic meter of gas saved can only strengthen our independence and reduce the chances of the future vulnerability of our economy with respect to its energy supply.

The world economy is going through a delicate phase of transition with regard to the consumption of energy. For our country, it is a question of using to our best advantage this transitional phase in which oil and gas will constitute the bridge and cornerstone of a transition to other sources of energy.

Today, the entire world knows and admits that these new forms of energy will not be able to make a major contribution for some 20 years and that until they do, only coal and nuclear power will provide an alternative to oil. Even assuming rapid use of coal and nuclear power, the contribution of these forms of energy will only be partial, for many problems must first find radical solutions.

For advanced economies as well as for Third World countries, particularly the oil-producing countries, the problem now consists in handling the transition from oil and gas.

Along with a conservation policy, we must prepare the human, scientific, technical and material potential that can bring about the establishment of structures and production units of alternative sources of energy. If we do not prepare for the long-term ability to generate, discover and process alternative forms of energy, we shall not be able to effectuate the unavoidable transition for the long-term supply of our economy. What good would our plants then be if they should be lacking in that element necessary for any production process: energy?

Such a thing could only strengthen our economy's dependency, particularly vis-a-vis the Western world, which has the technology for alternative sources of power, especially nuclear.

The preparation of this technical and human potential must be the subject of a long-term plan in which the factors of the evolution of the world energy supply must be examined on the economic and political levels.

It is for this reason, involving the independence and autonomy of our nation's energy supply, that the role of hydrocarbons must necessarily diminish gradually in the financing and management of the national economy, for the longer we have this vital material in our subsoil, the greater our bargaining position will be in this new phase of the delicate reordering of the world energy structure and the international economic order for which our country is fighting and to which it aspires.

We must harbor no illusions. A new articulation of North-South relations has not yet seen the light of day, nor will it within a short time, for there is great difficulty in bringing it to pass. The different international arenas organized to date have shown that those who hold the power to make essential decisions committing the future intend to keep that power, while the Third World countries in the forefront of this restructuring of the world economic order want to gain such power and see that the wealthy nations agree to share it with them.

No agreement has yet been made following the debate of the special UN session of August-September 1980. The situation is therefore blocked. Things have nevertheless made progress: Even if a compromise has not yet been found in New York, the forces favorable to such a compromise have gained ground, even within the industrialized camp. At any rate, there has been agreement to enter preliminary discussions linked to overall negotiations. This means that whether one recognizes it or not, the energy question is henceforth central to the matter of the international economy and that it cannot be considered separately. An important phase has been completed from this standpoint since the end of the Paris conference in 1975-1977.

Despite all the press campaigns accusing OPEC and its member nations, everyone now admits that the increase in the price of oil is not the cause of the world crisis.

As early as the end of the 1960's, the experts knew in fact that the time of cheap oil was coming to an end. They knew that consumption prospects exceeded production projections and that oil production had peaked.

The experts knew, but their knowledge scarcely went beyond their closed circle. In 1969-1970, French negotiators were bitterly fighting with SONATRACH representatives for a margin of a few (American) cents a barrel.

No one was therefore ready to make a decision in keeping with the reality they had nevertheless comprehended.

The decision was made in spite of everything, but it came elsewhere. It came from the South, even though previously, energy problems were the preserve of the North. The increase in the price of oil was rational, in keeping with the views of experts, but what made it shocking and intolerable was the fact that it was imposed from the outside by those who had never participated in any important decision involving the movement of the world economy.

The West was all the more shocked because the possibility of such an event was the sign of a substantial modification in the ratio of forces. The Arab countries had unsuccessfully tried, in 1956 and then in 1967, to use the oil argument, but in 1973, the increase in price and the embargo were stepped up to affirm the emergence of a new power to make unilateral decisions.

Since that time, while negotiations have not resulted in any rational solution to the subject of energy being integrated into the process of reorganizing North-South relations, for our country, the best trump card for the future is still to have sufficient energy resources to ensure our national supply and to preserve our bargaining potential in the organization of a new international economic order.

The gradual reduction in exports can only have helped out energy security and the upgrading of our resources, given the evolution and future scarcity of these materials, oil and gas. It is certain that every amount conserved will be worth its weight in gold in the future and will enable future generations to make the necessary changes in our national economy, without having to suffer excessively from a dependency which the wealthy nations are trying by all means to maintain and perpetuate.

It is absolutely erroneous, even dangerous, to admit the belief widely spread by Westerners that the oil-producing countries are rich in energy resources and that they are the Croesus of energy.

This attempt to distort reality is essentially aimed at inciting oil-producing countries to make their increasing quantities of energy resources necessary for their economies and industrial structures available to them.

At any rate, this wealth may be only illusory when one observes the technological advancement of industrialized countries in the field of alternative energies, nuclear power in particular, and when one sees their huge stockpiles maintained in order to retain room to maneuver and ensure their control of the situation in the future.

Naturally, while our country may have highly relative wealth in energy resources, their exploitation must above all be to the benefit of our people, our economy and our development.

Any other purpose is totally excluded, but how is to manage this source of income to the benefit of our economy and our economic, even political, independence? How is one to succeed, in this transitional phase, in mastering our future on the national and especially international level?

This is the purpose of the Central Committee's examination of this delicate and decisive matter, energy.

Decisive Phase

The national energy policy is a decisive phase in the pursuit of the development objectives set forth by the national constitution.

What are the main lines of this policy and what are the principal objectives set for this new phase of our process of upgrading our natural resources?

The strategy revolves around the following main points: 1) priority given to the national supply; 2) greater integration of enterprises making up the national economy; 3) better use of the production apparatus, seeking to improve economic efficiency; and 4) the expansion and promotion of work, which is in fact the ultimate purpose of this entire policy, along with a search for greater mastery of the production apparatus by nationals.

This must result in a strengthening of our energy potential, the development of energy production, the upgrading of hydrocarbons, satisfaction of national demand, the organization of industrial security, the adaptation of the export policy and the implementation of a policy to train and manage human resources.

This is a vast program requiring well-adapted and powerful instruments to preserve our resources and help finance equipment expenditures needed to pursue the expansion of our productive base.

It is especially the balancing between the financing of our accumulation and the security of our future energy supply that we must ensure within the framework of this policy aimed at restoring the role of hydrocarbons within our economic life.

First of all, strengthening our energy potential requires decisive measures in the field of exploration, conservation, the development of alternative forms of energy and the development of energy production.

Concerning exploration, where the results registered have been modest, improving our knowledge of the subsoil and the performance of our drilling apparatus becomes urgent. It is equally necessary to increase the number of national specialists and the level of training of workers.

While the participation of foreign companies in the financing of exploration now makes it possible to find a solution for the time being to the problems of potential and manpower, the tendency that must be encouraged and retained is that this participation must be presented as a makeup force in the future.

Along with the exploratory effort, the conservation of energy resources demands the establishment of a recovery system and better utilization of existing systems. For wet gas, recycling must be developed so as to recover the maximum condensate, which has great energy and commercial value.

The upgrading of hydrocarbons depends on a constant improvement in export sales prices and a strengthening of the transformation process, which generates jobs and provides products indispensable for our economic integration. It is therefore necessary to pursue our action within OPEC so as to preserve the purchasing power of hydrocarbons, particularly in the field of gas, where the principle of a readjustment based on oil prices must be consolidated so as to avoid an increase in the purchase price.

The strengthening of the processing apparatus implies in turn the mastery of installed structures, completion of units now being built and continuing adaptation of this processing potential to the demands of the national economy. Refining, fertilizers, petrochemistry will be the keys to the new dynamism and improvement of the processing apparatus.

The production of energy will require a drilling program that can respond to the production profile, while seeking a better distributing of tapping to be done in every field and an increase in electric production amounting to 17,000 megawatts by 1986.

The production of electric power must go from 5,400 megawatts per hour in 1979 to 11,500 megawatts per hour in 1984 in order to meet national domestic and industrial needs. It is planned that 11,000 towns will be electrified in 1980, meaning electricity for a million homes.

Concerning the production of electricity, the 1980-1984 Five-Year Plan provides for new action evaluated in terms of program costs at 15 billion DA, with an impact of 11 billion DA for the 5-year period.

These actions concern: three new powerplants, which should generate an additional capacity of 1,520 megawatts per hour for a cost of 5 billion DA; rural electrification for a cost of over 2 billion DA, making it possible to connect 400,000-450,000 homes; the expansion of gas systems (public system and distribution) costing 950 million DA; a program of connections and small projects costing 3 billion DA; and finally, three more operations (replacement, expansion of small powerplants in the south and studies), costing 1.3 billion DA.

The total investment over 5 years is an estimated 14.5 billion DA, including 3.7 billion for what is to be completed and 10.8 billion for new actions.

However, no matter what actions are undertaken and what our national energy policy contains, men will be the decisive element in the conduct and mastery of this policy, whence the fundamental aspect of training and its disturbing effect today with the need to use foreign technical assistance.

Training

In a sector as central as energy, men can check or accelerate development of the sector in which science and technology largely dominate the production process.

At the present time, with 120,000 workers, 95,000 at SONATRACH alone, the energy and petrochemical industries sector has been one of those experiencing the greatest development of employment.

We have had to face different problems: far-ranging needs concerning skilled personnel at all levels, very diverse areas of specialization covering activities ranging from prospecting to liquefaction and petrochemistry.

In order to meet these needs, our own training means have been set up: the Algerian Petroleum Institute (IAP) and the National Institute of Hydrocarbons and Chemistry, which train engineers and technicians in most areas.

Moreover, in order to ensure intermediate- and high-level training, SONELGAZ and SONATRACH have training centers such as the Blida and Ben Aknoun schools for SONELGAZ and the oil projects management center at Hassi Messaoud and the Arzew welding center for SONATRACH. At this level of training, the installed capacity is for 4,600 men. On the whole, the training facilities set up in the country have helped to train and provide advanced training for over 2,000 engineers and 4,500 high-level technicians, without counting several thousand foremen trained by enterprise structures.

Along with this effort, a high number of workers, especially high-level management personnel, have been trained abroad. This training effort must be maintained, expanded and diversified in the future in order to respond to the needs created by the evolution of employment in the energy sector.

Between 1980 and 1984, the number of SONATRACH's workers rose from 95,000 to over 125,000 and that of SONELGAZ will total nearly 40,000. One must add that nearly all the jobs will require skills, meaning that the evolution of employment and that of training needs will be parallel.

Despite all this progress, there are still inadequacies which must be the subject of a total reconsideration of the question.

There are two types of inadequacies: training and employment.

Concerning training, the investments made have not nearly managed to set up structures on a par with the extent and diversity of needs. In addition, the training efforts made have often been costly, especially for training abroad, which demanded some priority for higher-level personnel because of urgent needs, and lower-level training has not received sufficient emphasis.

Moreover, the range of training has not covered the range of specializations in a uniform manner. Concerning employment, there was not a harmonious coordination of human resources with the training effort.

As a result, technical personnel having received costly training slid toward administrative tasks. Because of internal promotions to posts of responsibility resulting from need, there has occurred a pileup of skills with large numbers of workers insufficiently skilled or with no skills. Distribution among the three categories: upper-level management personnel, foreman level, workers, does not validly reflect the real skills of personnel. By way of example, SONATRACH mentions 7,200 upper-level employees, while a detailed analysis shows that there are in fact only 1,500 engineers and 1,200 persons with university diplomas. Moreover, the absence of precise assignments and the mobility of qualified personnel have contributed to a poor use of human resources.

Weaknesses detected in training and on the job have resulted in an insufficient use of knowledge and experience, a sometimes poor mastery of certain production tools and a disturbing tendency to resort to technical assistance: foreign consulting firms and personnel.

Between 1974 and 1979, over 160 contracts were signed with consulting firms of nearly 20 different nationalities for the substantial sum (?!) [sic] of $1 billion. The example of the Beni-Mered logistical base comes to over 200 million DA, with 400 foreign assistants in 5 years, without any greater mastery of the management of that maintenance entity.

At the Arzew LNG plant, the number of technical assistants was reduced from over 600 to 300, which costs us over 300 million DA, much of this in foreign exchange.

In the future, reorganizing the sector, improving the organization of work, working out and setting up a suitable system of remuneration within the framework of the General Labor Code, setting up a continuous training system, planning the Algerianization of cadres, developing national consulting firms and engineering capabilities and developing supervision will be matters or problems for which radical solutions will have to be found if we want to put an end to the reproduction of a costly, dangerous dependency and if we seek economic efficiency with man playing the central, decisive role.

The other important aspect of the national energy policy concerns exports, their adaptation to national needs in terms of energy and financing and their adaptation to the international evolution of the energy market.

Gas

BTU? British thermal unit. 1 million BTU = 293.2 kilowatt-hours.

In order to carry liquefied natural gas by methane tanker, the gas must first be brought to a temperature of under 160° C. This operation makes it possible to reduce the volume of the gas 600 times. The LNG will turn back into gas when reheated.

1,000 cubic meters of gas = about 1 ton of oil.

National Interest and International Strategy

In a country in which most of the potential and resources are oriented abroad, the national interest and international strategy are closely linked and interdependent. This is all the more true for a product such as liquid and gaseous hydrocarbons, and exports of energy resources always express the dialectical link between the national interest and international strategy. It is in the field of exports that we shall be able to measure our capacity to carry out the objectives of our national energy policy, in which conservation and upgrading must combine national interest and international strategy.

This is not an easy task, we must admit. But it contains the entire scope of our present and future historical responsibilities vis-a-vis our economic independence and that of the coming generations.

We know that the crisis of the capitalist system has resulted in a lasting and continuous increase in prices, accompanied by an increase in the number of unemployed in industrialized countries. This crisis has been manifested in a worsening of the economic situation in Third World countries which have suffered the full effect of the dysfunction of the capitalist economies.

The governments of the Western countries have tried to attribute the causes to the oil-producing countries and to divide the Third World countries into two groups.

Based on these facts, the international strategy and the rate and volume of hydrocarbon exports have been worked out based on three main lines: a diversification of trade, privileged relations with Third World countries and promotion of the gas sector.

National sovereignty cannot be complete without a diversification of foreign trade, both geographically and with respect to the structure of the trade balance. Privileged relations with Third World countries have been sought in order to safeguard the unity of the ranks, for it becomes necessary to promote the development of trade between Third World nations.

As a result, an OPEC financial institution has been envisaged in order to help create circuits of autonomous financing and include in financial analyses the

specific parameters of developing countries, for the existing financing circuits tend to reproduce relations of dependency and domination by Western countries. Moreover, the terms of repayment of international loans have no relationship to the repayment abilities of certain indebted countries. It is also necessary to concentrate on the establishment of an organ specializing in technical and economic studies and to encourage basic engineering, at least in order to define specifications of equipment in keeping with the real needs of Third World economies.

In the field of gas, the strategy consists of encouraging training and the emergence of an international gas market in the place of the juxtaposition of existing national markets and proceeding to adjust gas prices in terms of oil prices, while mastering price evolutions in the future.

Therefore, in the light of experience, it is necessary to adapt the level and structure of our hydrocarbon exports with our previously planned financial needs, considering the strategic aspects dictated by international trends, including the export policy in the framework of the economic and social development followed in our country and finally, ensuring that all technical aspects of the problem are understood.

Likewise, we must consider our commitments. Foreign exchange receipts anticipated during this decade amount to some 800 billion 1980 DA, including 340 billion mobilized for the 5-year plan.

Consequently, we must find an export formula for the different forms of energy in keeping with our capacities and our capacity to adapt.

We must further diversify export because 75 percent of our exports go to the United States, Italy, France and Spain.

For natural gas, our current export capacities and those being built are 33 billion cubic meters in the form of liquefied gas and 15 billion cubic meters going to Italy by gas pipeline.

As for oil, its export will be determined by other products because of its flexibility, especially since known reserves are limited. We must conserve more and more progressively so that refining needs will be covered.

Gas rather than oil constitutes our future. The fiercest battle is now being waged around gas and we must hold firm because it is principles more than prices that we must establish once and for all in the framework of our relations with current and future customers.

Gas: Sizable Stakes

The evolution of the natural gas market has been very rapid in recent years and this evolution has accelerated since the middle of 1979, as a reaction to changes in crude oil prices. Natural gas, the object of growing interest from producers as well as consumers, is no longer a marginal element in the energy debate, but rather has become an important factor.

On the one hand, importing countries give it an increasing role in their provisional energy balance sheets in order to diversify supply and because of technical considerations.

On the other hand, hydrocarbon-exporting countries are trying to define an overall gas policy and to articulate it with the oil policy in terms of the overall evolution of energy markets.

During the recent period, one could observe the persistence of a double contradictory trend in the evolution of the market. First of all, there is a stronger trend toward the establishment of a relatively homogeneous international gas market, itself part and parcel of the world energy market. At the same time, producers and consumers are in much more specific situations than they are with regard to oil.

While the principle of readjustment based on oil prices has made headway, the terms of such a readjustment remain at the heart of negotiations. How is one to find a just, remunerative price for gas?

The lag in gas prices behind oil prices has not yet been corrected and the debate on the question shifts on this notion of equivalence. Consequently, the technical aspects of discussions on price formulas: evaluation of transport and distribution costs, price equalization at wells, comparison between CAF and FOB prices; would gradually win out over the discussion of principles, on the subject of which the evolution has been very rapid.

In fact, for our country, gas must find a price favorable to the upgrading of this resource and at any rate, in this domain of prices, time is in our favor. One must now negotiate on the future so as to master the main tendencies of the international trend and take advantage of it for our economy and the conservation of our resources.

Naturally, prices now count in any negotiation, but we must now negotiate in terms of trends, a movement, and not confine ourselves to "remunerative" levels which must be proved and whose effect later can only be harmful to the national interest, to the level of our export receipts and the policy of upgrading and conserving resources that we are seeking.

Estimates for 1990 confirm the tendency toward a development of gas consumption in East and West Europe, while Japan and various Third World countries will emerge as large consumers.

Gases will occupy a greater place in meeting the energy needs of Western nations, making up as much as 25 percent of their supplies.

The orientation toward an economy in which natural gas plays a major role is therefore undeniable. This tendency cannot fail to influence prices, the way they are established and the evolution of supply.

The trend of the world energy market should therefore help to raise the major obstacle to the development of research, production and the recovery of natural gas, to wit, the excessively high cost of investments and the correlative inadequacy of gas income compared with oil sales. This evolution is fundamental because what

purpose would be served by exporting gas if such an operation were not accompanied by obvious financial profitability?

The ideas and approach guiding the export strategy and which led to the choice of liquefaction procedures must be reviewed in the light of the international energy context, because this liquefaction chain has turned out to be a source of limitations difficult to eliminate.

Would good are exports and a production apparatus if they do not even enable us to cover the cost of our investments or to amortize them, independently of the intensive exploitation of deposits which is detrimental to the conservation of our energy resources.

Therefore, an awareness of the necessary and real upgrading of gas, by consumers as well as by producers, works toward a more realistic price policy.

The producers, the masters of their deposits, reject this previous waste and are tackling the development and upgrading of gas resources.

Consumers are more aware of the specific uses of gas and therefore of the nature of effective substitutes and the growing need to reserve natural gas for noble uses rather than trivial purposes.

The evolution here brings producers and consumers together in their appreciation of equivalences. Finally, the size of facilities and distribution systems encourages partners to exercise stability and long-range goals in their contractual negotiations. This does not, as recent developments have shown, do away with the possibility of bringing agreements or existing relations into question, but it does impose a special climate on negotiations and introduce specific parameters.

To date, if adjustment mechanisms have operated, they have done so only partially and with delays. Above all, they cannot take modifications in effective equivalences into account. In this way, there is a double failure. Producers hesitate to commit themselves to new projects and even suspend projects underway while awaiting a satisfactory adjustment. Buyers dispute the questioning of contracts approved by both sides. For existing agreements, a conflict develops, when indexing mechanisms should avoid them.

If, in both short-range and medium-range terms, there is a considerable drop in natural gas exchange estimates, in the long run, gas needs are manifest and the basic problem is establishing a system of prices that will make it possible to mobilize new resources quite rapidly, particularly in the Middle East, in order to cover the growing deficit of the major consumer zones beginning in the 1990's.

Sharing Costs

The LNG projects are especially costly and exporting countries can only increase their net income by moving toward a sharing of processing and regasification costs with buyers, even a total transfer of such costs in longer-range terms.

If LNG imports are to go from 24 percent (in 1980) to 41 percent (in 1990) of all world gas trade (according to Shell), buyers, particularly the Japanese, for example, must cover the essential portion of these rapidly rising costs. Inversely, the

reorientation now noted of export projects of LNG chains toward gas pipelines is not limited to our country, which is seeking thereby to decrease the amount of capital tied up and its technical dependency.

New gas pipeline projects are being called for, particularly to take gas from the Middle East to Europe. Likewise, an agreement for construction of the Alaska-Canada-United States gas pipeline was finally recorded this summer. Discussion on new Siberian gas pipelines are on the agenda fairly continually. Conditions for the sharing of costs between producers and consumers are modified, especially due to the fact that the countries crossed can use the pipeline.

International problems are more complex to settle than in the case of bilateral LNG trade, however. Italy favors the extension of Algerian pipelines, while the Netherlands and other buyers in Northern Europe are hostile to the transfer of our LNG projects to pipeline projects, most of whose construction they would have to finance.

Nevertheless, one must note that the rapid growth in investments required for natural gas does not hurt its relative competitiveness vis-a-vis numerous other sources of potential energy as a result of the equally rapid increase in the prospective costs of those substitutes.

Upgrading Resource

Algerian gas was being sold to different European buyers (France, United Kingdom, Spain and Italy) at a price between $3.50 and $3.60 per million BTU, FOB, at the beginning of 1980. The application of indexing clauses and the lower price level in France than on the Rotterdam spot market in 1980 led to a particularly low index price compared with our wishes for gas sold in France: about $3.00 per million BTU (FOB). Spain pays about $4.00 and England, which is completing a small contract, about $3.15. A contract with Belgium was to take effect in 1982 at a high price by indexing: $3.60. The margin is therefore substantial between FOB prices and our current demands of $6.11 to $6.30 per million BTU.

According to the French Gas Company, the average cost of its supply in 1980 was on the order of $4.50 per million BTU. If one considers that transport and liquefaction costs are about $1.50, a price of $3.00 per million BTU would correspond to the price paid CIF by the Americans. This price nearly corresponds to a compared price index of 3/4 fuel and 1/4 fuel oil of $4.20, figured FOB North Africa.

More than the price, it is the principle of readjustment which our country wants to establish once and for all concerning products whose production it handles.

At any rate, the evolution toward an increasing value of gas by means of parity with curde oil and later by means of an alinement with the price of substitutes of higher and higher rank is unavoidable.

The important question is not therefore the official, contractual recognition of a principle which economic conditions will necessarily impose with time.

The essential question for the producer is that of the definition and establishment of a contractual system ensuring a transition to the ultimate objectives of greater

value, while creating the conditions for gradual adaptation to a higher value of natural gas.

Problems of time are therefore crucial and must be viewed in a dynamic perspective making it possible to bring the deadlines of both parties into line.

In the absence of such a rapprochement, which would help to identify the successive stages of concern to the interests involved, any argument on the need for consumers to pay adequate prices in order to ensure long-term supplies has no practical significance.

Today, our country is trying to define the new terms of its gas policy in this complex and difficult environment. Developing the use and local upgrading of most of the gas, obtaining a price equivalent to that of crude oil for gas and even a rising bonus and moving toward transport by pipeline are the main lines of an export and conservation policy for our resources. Likewise, we must obtain consumer financing of equipment (particularly gas pipelines) outside the national territory.

While our relations with the United States concerning gas are still seeking ways to eliminate limitations, our relations with Europe will be a decisive element to be considered on the world gas market in the years to come.

These are the main principles of the energy policy of our country, which gave over a million and a half martyrs for its liberation and which remains ready to make every effort to ensure our economic independence, honor the memory of our martyrs and preserve the future of its children.

11,464
CSO: 4400

FORMER U.S. EMBASSY TO GO TO MARTYRS FOUNDATION

Tehran TEHRAN TIMES in English 8 Feb 81 p 1

[Text]

TEHRAN – The U.S. Embassy compound in Tehran would be formally handed over to the families of the victims of Islamic Revolution and the war with Iraq on Feb. 11, the Pars news agency reported Friday.

A communique issued by a "Martyrs Foundation" that takes care of the families of those who died for Islamic Revolution and the families of soldiers who died in the war against Iraq, read:

"After the elimination of the main stronghold of the great satan–the den of espionage, and the revelation of the crimes of American mercenaries and internal puppets of the world, the Moslem students, following the line of the Imam have bestowed the premises, after duly clearing it of American executions, to the families of the martyres of the revolution, to the invalids of the revolution and the imposed war."

The students who held 52 Americans as hostages for 444 days in the embassy and elsewhere until their release last Jan. 20, referred to the U.S. as the "great satan" and to the embassy building as "the den of espionage."

The communique, carried by Pars, said an "inauguration speech" from Imam Khomeini will be read in the ceremony of the transfer of the embassy compound at 1500 on 22nd of Bahman (Feb. 11). The date coincides with the second anniversary of the success of Islamic Revolution against the shah's regime.

The communique calledon the Iranian nation to participate in the ceremony "and be witness to the victory of blood over the sword."

It said delegations of families of revolution invalids and martyred from Algeria, the Palestine Liberation Organization, Syria, Libya, Afghanistan and Iraqi dissidents have been invited to attend the ceremony.

CSO: 4420

FAMILIES OF EXECUTED OFFICERS TO GET COMPENSATION

Tehran TEHRAN TIMES in English 3 Feb 81 p 1

[Text]

TEHRAN - On recommendation of Defense Minister, Colonel Javad Fakuri, Imam Khomeini has yesterday authorized provision of monetary compensation and housing loans to the survivors of the executed military coup d'etat plotters, said Pars yesterday.

During yesterday's meeting of the Iranian Air Force Commander with the Revolutionary Leader, Imam decreed that Rials 30,000 for one child and Rials 5,000 each for each additional child be allocated for the surviving families.

Imam also approved another of Fakuri's suggestion to have the 30 military residences evacuated of the surviving families of the plotters for security reasons.

The General's idea that loans should be given to the survivors for purchase of houses, and deduction of the loans installments from their income, was also agreed upon by the founder of the Islamic Republic.

The text of Fakuri's letter is as follows:

In the name of the most high:

Following instructions to study the situation of the relatives of those executed after the abortive coup, three members of the Air Force were appointed for the purpose. They reported as follows:

1. Most of the executed Air Force personnel were pilots and all their relatives have left the housing compound built by the Air Force.

2. Most of the executed ground forces personnel were officers of the Armoured Division, the former Guards Division, the 92 Armoured Division of Ahvaz, the 16th Division of Qazvin, the 64th Infantry Division of Oroumieh. Their families are now living in government owned houses.

3. Most of the Nohed Brigade men executed were NCOs who occupied 30 houses.

The following should be mentioned:

1. The residence of the families in these houses is contrary to security regulations and they have been asked to leave.

2. As regards living expenses and housing, every family with one child should be paid 30,000 rials, and 5,000 rials for each additional child.

3. A loan should be granted to the families for buying a home. In reply Imam Khomeini agreed with the defense minister's proposals and said he hoped the relatives of the executed men would live comfortable lives in the embrace of Islam and the Islamic nation.

CSO: 4420

COMMENTATOR ROUNDLY DENOUNCES FRENCH POLICIES

Tehran KEYHAN in English 4 Feb 81 p 2

[Editorial by S. Moadab]

[Excerpts] On an international level, the language stating the French foreign policy is not an exception to the above rule, and the sentences used by its diplomats are never unconditional, whether this diplomat is Jean Francois Poncet or the charge d'affair of a small French embassy. It goes without saying that political language is by itself a set of conditional words, but that of the French is very often unconditionally conditional!

France often pretends to follow an independent policy concerning its attitude vis-a-vis international crises. In the case of the Palestinians for instance, one has never heard a clear sentence. One French diplomat was asked whether France sees the PLO as the sole representative of the Palestinian people. His response was neither no "or yes but," "How can one organization represent one people." Of course with phrases laden with subtleties of the French language.

In the case of the economic blockade imposed on Iran by the world devouring U.S., France imposed the visa regulation just a few days before the common decision of the E.E.C. And immediately after the western allies' decision to follow their "savior of the Second World War," one French diplomat who was interviewed as to whether France shared the "common decision," he replied proudly, "Monsieur, we had already established visa regulations between Iran and France!"

Concerning the sojourn of Imam Khomeini to Paris, within 3 to 4 hours after his arrival, a two-man delegation went to warn Imam that, "If you wish to stay in France, you will not be allowed to take part in any meeting, or any public interviews." And still, as the then Minister of Interior, Michel Poniatovski revealed in the French parliament, immediately after the Iman's arrival, direct contact had been made to consult his "Imperial majesty" whether they were allowed to let Imam stay in Paris.

Although we should be very grateful to the full understanding of the French people and their sympathy towards the Islamic Revolution, but we can hardly forget that the French government was among the last to withdraw its support from the shah's regime.

One would imagine that all these delays would be coming from political "incertitude" that France has been facing for a long time. France is and is not a superpower.

The big community of its ex-colonies in Africa has the imaginable similarities to the British commonwealth. France is present in Africa, both economically and militarily. And this latter is in a threatening manner. Many are the countries in Africa that have mutual defense treaties with France. In Gabon, Mauritania, Ivory Coast, etc., France is exploiting the natural resources of the Black continent. Not long ago, France was able to build its atomic arsenal, comprised of missiles and submarines. The name "Redoutable" chosen for one of its atomic submarines is indicative of the military ambitions of the state of Charle Magne. But France is still not a superpower. The proof of which would be provided if we take a look at the list of the multi-nationals ruling this country. In the case of computer science and atomic technology, although very advanced, and yet France is behind even West Germany. To see how France is still dependent on foreign machinery and sophisticated techniques, it would be necessary to make an inspection of French factories. Its largest car fabricating factory, Renault, has heavy pressing and huge welding machine imported from West Germany. In the unique French nuclear reactor building factory, Framatome, most of the new machines come from abroad.

Then where does France stand in the world? Is it a reliable country. And if yes, for who and by whom? We have much to say about this "land of exile" as it is called by its leaders, but one thing we are searching is not the French characteristics, but the attitude of this country vis-a-vis the Islamic republic. Three days ago, all news agencies started wiring about the delivery of Mirage jets to Iraq by France.

France's decision to "fulfill" its commitments to Iraq at this specific time that Saddam's air force suffers from lack of fighting aircrafts is a very grave decision. Graver than that is the news coming about the near future delivery of 150 tanks and 60 helicopters. When we say grave, it does not mean that the Iranian army is afraid of a handful of Dassault Mirages, but grave and condemnable because France is showing its true face. France is playing a dangerous game and in our opinion, a costly one. We understand why the clever policymakers of Quqi d'Orsay and Elysees have decided to act against the Islamic Revolution in Iran. These men have found us uncompromising, and faithful to our slogans and the ideals of the Revolution. They have preferred to keep a losing dependent man to a rising independent country. If these gentlemen thought we would replace the criminal America with the old colonialist (France), now that they find us determined to defend our liberty and committed to our ideals, they are revealing their animosity toward the Islamic Revolution.

What is surprising for us is not the big deal contracts, but the timing of the unfriendly French attitude. At a time when all big powers claim to be neutral in the explosive area of the Persian Gulf, France's delivery of Mirage bombers, which will undoubtedly be used to bomb our hospitals, schools and civilian targets, is inexcusable.

Iranians who respected France as a host country of the Islamic Revolution of Iran could not expect a nicer package of "French cadeau" in the wake of the second anniversary of the Islamic Revolution!

CSO: 4920

NEWSPAPERS COMMENT ON RELATIONS WITH KURDS

Tehran TEHRAN TIMES in English 1 Feb 81 p 2

[Editorial]

[Text]

THE PERSIAN DAILY JOMHOURI ESLAMI in its yesterday's issue while projecting the Mujahedin Organization's interview with the secretary general of the Kurdish Democratic Party Abdul Rahman Ghasemlou also quoted the presidential diary of Inqelab Eslami issue of January 29, 1981.

The article said: The Kurdish Democratic Party had sent a goodwill mission to the office of Abolhassan Banisadr President and Commander-in-chief of the Armed Forces of the Islamic Republic offering the readiness to join ranks with the heroic Iranian people to counter the Iraqi aggression to which Banisadr replied "is it not enough that you have for too long played into the hands of the Iraqi lackeys and shared their evil plans in shedding the blood of your Iranian brothers. Have you not realized the pain you have already caused to your brothers and sisters by harnessing and nourishing the designs of the Iraqi aggressors in their brutal and inhuman quest to inflict sufferings on the Moslem brothers? What moment would seem right to you to repent the crimes that you have committed and take refuge in the bosom of Islam?

The daily Jomhouri Eslami citing the interview of Ghasemlou with the French daily Le Monde quoted the Kurdish leader as saying "we are getting every help from bordering countries like Iraq, Turkey and the Soviet Union and we are committed to our Iraqi brothers as they are committed to us,Kurdish brothers."

The daily then criticized the president and asked "how can the president expect those who had confessed their allegiance to foreign powers to come and redo their wrongdoings?"

"How can the president forgive such people who time and again have said that a day will come when the president and persons like him will join the ranks with the Kurdish Democratic Party and would suggest the declaration of autonomy for Kurdistan."

In conclusion the Jomhouri Eslami said that the Kurdish Party and similar anti-state groups are on the verge of petering out and that no concessions should be offered to them, rather intensive steps should be taken to rid the sacred land of Islam from such deviated groups.

CSO: 4920

FRANCE CONDEMNED FOR MIRAGE DELIVERY TO IRAQ

Tehran TEHRAN TIMES in English 9 Feb 81 p 2

[Editorial by K. Zaim]

[Text]

France's delivery of Mirage fighter planes to Iraq despite her pretentions of neutrality in the cruel war against us, and despite Iran's protest, dramatizes our puzzling alone-ness in our defense against Iraqi aggression.

Puzzling, because not only we have no reliable sources of military supplies, but all those "neutral" countries of western or eastern block are assisting Iraq in a most belligerent way. Western Europe delivering war machines, Eastern Europe delivering tanks and heavy artillery, Soviet Union sending shiploads of military supplies including ammunition and spare parts, and the U.S. through Jordan and some other Arab friends sending in food supplies and money.

Now, why does everybody want Iran under pressure, and why this concerted effort by both world camps to destroy Iran's military and economic might by prolonging a useless and destructive war?

Fact is that neither Russia nor America trusts Iran. America, because of the existing deep anti-American feelings among the populous accumulated since the overthrow of Mossadeq and Russia because she considers a militant Islamic regime detrimental to the security of Moscow's hold over its Islamic population bordering Iran;

Both super powers' distrust may be blessing in disguise, if the present government could wisely capitalize on the balance, and launch a worldwide campaign to gain respect and support for the country's revolutionary ideals. But since the world opinion has been turned against us both by internal misbehaviour and external propaganda, the two rival power blocks have been freely meddling in our affairs by continued plotting and counter-plotting all designed to uproot any effort to develop a strong, effective, independent and popular government. This is achieved by encouraging and spreading chaos, lawlessness and anarchy within the society, and by infiltrating sensitive state organs through their elements who arouse public discontent by initiating unpopular policies, rendering injustice to the citizenry, or otherwise, throwing stumble-blocks to smooth functioning of economic activity so vital to survival of the nation.

As a result, the country continues to boil within. Political groups or factions with varied ideologies, and even the true patriotic groups, distrust and accuse one another of compromising revolutionary, ideals or selling out to one super power or another.

The internal disunity and the evident lack of ability by nationalistic and concerned personalities and groups to create a united front and do away with petty differences, which is fact makes foreign-backed elements happy, does not serve the best interests of this embattled country, but only those of the super powers we so desperately try to stay independent of.

CSO: 4920

OPPRESSED FOUNDATION ADOPTS POLICY RESOLUTIONS

Tehran KEYHAN in English 9 Feb 81 p 2

[Text] Tehran, Feb. 2 (Pars)--After the seminar of the responsible officials of the Oppressed Foundation (Bonyade Mostazafeen) throughout the country, the following resolution in 10 articles was passed:

1. With full confidence in religious jurisprudence (velayate fghih), we declare our support for Imam-e Ummat's leadership, the Prime Minister and the Majlis and denounce the conference of reactionary heads in Taif.

2. Henceforth, the Foundation Boyanade shall be an institution with productive policy, whether in the field of agriculture, industry of mining. The income accrued shall be utilized for the welfare of the mostazafeen, in accordance with the views of Imam-e Ummat and the Constitution of the Foundation.

3. The Bonyade is the executor of the verdicts of revolutionary courts only. The Judicial Supreme Council is earnestly asked to give guidance whenever discrepancies arise.

4. The Revolutionary Courts are requested to clarify verdicts regarding trusteeship, supervision, confiscation and vigilance.

5. Under existing conditions, it is necessary to draw up a constitution in conformity with the needs of the revolutionary society, after taking account of suggestions of the Bonyade supervisors.

6. Ideological classes to be formed for personnel during non-office hours.

7. Compliance with Islamic edicts in all organizations affiliated to Bonyade.

8. Cooperation between Bonyade and other revolutionary institutions as well as government organizations at various levels and non-interference in those affairs that are within jurisdiction of other revolutionary institutions.

9. The scope of the foundation to be presented according to a plan and priority.

10. A public relations office is to be established at the center of every province to keep people informed about activities of the Bonyade.

Prime Minister Mohammad Ali Raja'i participated in the second day of the seminar being held by the managers of the Foundation of the Oppressed (Bonyade Mostazafeen) where he made the following comments:

Referring to the need for holding such a seminar, Mr. Raja'i said, "we are all being entrusted by this society to act as its trustees. Teachers are given the trusteeship over the children. The safeguarding of the country and revolution is given to the Army and Revolutionary Guards, and we are given the trusteeship to manage and look after the wealth of the nation which was originally usurped by illegal owners and then recovered from them and handed over to us."

Mr. Raja'i added, "the Bonyade Mostazafeen should be managed on the principles of Islam in order that with the blessing of God and support of the nation we may succeed in fulfilling our responsibility assigned to us on behalf of the 100,000 martyrs and injured victims of the revolution."

The Prime Minister told the managers of the Foundation that "although some of the critics of this foundation are based and had no part in this revolution of ours, I, as the highest authority of this organization, give the people the right to question the conduct and financial statements and reports of the Foundation."

Mr. Raja'i concluded his speech by saying that "we shall never accept the exploitation of our workers in the factories and oppression of our farmers in the farms managed by this Foundation. Hopefully, when the Imam calls upon us and listens to our reports, he can publicly call us the servants of this nation."

CSO: 4920

IMPORTS CURTAILED IN INTEREST OF SELF-SUFFICIENCY

Tehran TEHRAN TIMES in English 7 Feb 81 p 2

[Editorial]

[Text] The Financial Daily Bourse in its leading article Thursday said that the quotas for imports and exports for the next Iranian year are being drafted. Quotas are in fact the most important factor in creating a balance in foreign trade and under the present conditions careful attention must be paid to drawing up such regulations so that unnecessary goods would not be imported and so that proper facilities are provided for exports.

"In the quotas of the current Iranian year importation of luxury and unnecessary goods are banned as well as those goods for which substitutes are being produced domestically. There is no doubt that similar quotas will be adopted for next year. Among the most necessary goods that have to be imported from abroad are the primary materials needed for the industries: machinery, spare parts, certain foodstuffs, certain items needed in the agricultural sector such as pesticides, fertilizers as well as agricultural machinery. In other words, the import quotas will be mainly devoted to those items that are in critical short supply in the country as well as those which will help us to increase our production level.

"In addition to drawing up and implementing sound importation policies in order to achieve self-sufficiency, the domestic industries must be supported and those who are involved in production must be motivated to produce more. It is only through increases in domestic production and achieving a balance of foreign trade that we can have a sound economic system. In other words, the key to self-sufficiency is a strong production system under which we would be able to produce most of our needs and thus our dependence on imports will drop.

Another effective measure to this end is cutting down on consumption as much as possible and avoiding any waste. Unfortunately, consumers have not realized the importance of economizing in consumption. It is only by observing the above mentioned points that we can achieve one of the main objectives of the Islamic Revolution of Iran which is to be independent."

CSO: 4920

OIL SECRETARY WEIGHS GAS EXPORTS TO THE USSR

Tehran KEYHAN in English 9 Feb 81 p 2

[Text]

TEHRAN, Feb. 8 (Pars) — Dr. Nourbakhsh, the Under-Secretary of the Ministry of Economy and Finance, held a press conference this afternoon in which he discussed some of the economic problems of the country.

As regards the recent session of the ministers of finance of the member states of OPEC, he said: "The OPEC Fund had decided in the course of its previous session, to raise the assets of the Fu Fund by $1.6 billion. Three proposals were put forward in this connection. Iran had proposed that certain measures and criteria, including the volume of oil export, should be established to determine the contribution of each member state to the quota.

This proposal met the opposition of Royal Saudi Arabian regime that has so far had a high level of oil export. Saudia Arabia and Iraq demanded that the contribution of each country should be according to the previous quota, irrespective of any criteria. But, fortunately Iran, together with Venezuela, with sound arguments, succeeded in persuading the session to accept their views. So, a committee composed of Iran, Venezuela, Kuwait, Saudi Arabia, Algeria and Nigeria, was to be formed to investigate the matter, and to establish a standard. Therefore, as far as we were concerned, the recent session was a successful one."

Asked about the present importance of oil as a source of foreign exchange and whether the decrease of oil export of Iran would lead to diminuation of its influence, Dr. Nourbakhsh replied, "Due to the outbreak of the imposed war and the conditions arising therefrom, oil has naturally assumed an important position for us, the level of oil export has nothing to do with our influence in OPEC. What is important is the control of OPEC production for which we have advanced certain suggestions."

Concerning negotiations for Iran's export of gas to the U.S.S.R., he pointed out, "Currently, no serious negotiations are carried out; our difference with the USSR centers around the proposed price for gas. Hence, it is difficult to predict the date for gas export."

As regards the formation of "elimination of interest" committee in the cabinet, Dr. Nourbakhsh remarked, "From the beginning, the government of the Islamic Republic of Iran has intended to solve this problem somehow, using the banking system. A committee, composed of Dr. Bahonar, Ayatollah Mahdavi Kani, Nemetzadeh and me, has been formed for this purpose. We plan to form a subcommittee of experts in banking technicalities and problems, and, with full coordination, try to eliminate interest from the banking system."

He continued, "Our banking system can play a major role, e.g. the banks can invest in industrial and agricultural production to

compensate for the losses accured from the differences between the interests paid and the fees received. Furthermore, on account of nationalizatoon of foreign trade, Iran will be able to take the place of private merchants in the near future."

Dr Nourbakhsh noted that not much interest was shown by the private sector for investment, and as the future of the country depended on the increased production, so more could be expected from banks, which, of course, did not mean impeading activities of the private sector.

Dr. Nourbakhsh added that the question of elimination of interest did not amount to refusal to pay prizes to depositors, who had, therefore, no cause for anxiety in this regard.

As regards repayment of Iranian loans to the U.S., he pointed out, "We had three kinds of assets in the U.S. deposits of Bank Markazi (Central), properties in kind and the assets of the defunct shah. Iran had also obtained a large amount of loan which should be repaid. It has been alleged that we should not pay these loans. Of the above loans, $90 million is at the rate of interest of 3 to 7 and the remainder, $3 billion, at the variable rates of interest, currently 22.5%. For example, a loan amounting to $250 million has been obtained from the U.S., for which the sum of $117 million has so far been paid as interest. The purpose of these loans by the former regime was to increase the purchasing power of Iran, and, consequently, to increase of the export of unnecessary and luxury goods by the U.S. to Iran, and to pay 22.5% rate, of interest to American banks."

Dr Nourbakhsh added, "Before the hostage problem was solved, the U.S. had proposed that Iran could retain the loans and not pay them back, provided that an escrow account with the amount of $2 billion and for 2-year period is opened, that the Bank Markazi guarantees to repay loans (principal and interest, that the legal immunity of Bank Markazi Iran vis-a-vis American courts is nullified. But as we were not facing foreign exchange shortages, it was not expedient for us to retain those loans."

In conclusion, the undersecretary of the Ministry of Economy and Finance said, "Unfortunately, the situation of foreign investment is undesirable. For example, under the conditions that the former regime had obtained loans at the rate of interest of 22.5%, it granted a loan of one billion dollars to a company at the rate of 8% or, it invested 815 million marks in Krupp Company, when the price of the shares was five times the original price. This kind of investments is not at all in the interest of the country. A full report has been submitted to the Majlis so that, if ratified, they can be changed for the best. For example, regarding the investment in the Bank of Iran and Egypt, a bill has been submitted to the Parliament for selling Iran's shares."

CSO: 4920

DEVELOPMENT OF AGRICULTURE GIVEN SPECIAL PRIORITY

Tehran TEHRAN TIMES in English 5 Feb 81 p 2

[Editorial]

[Text] Commenting on the agriculture of the country, the finaicial daily Bourse in its leading article Tuesday said that the government has given special priority to the well-being of farmers and development of the agricultural sector: "Through implementation of projects such as building roads in rural areas, providing villages with electricity systems, extending loans to farmers and solving problems between the farmers through the mediation of a seven-man council, agricultural productivity will increase. Increased agricultural production will enable the country to meet its own demands and gradually would reach a point when the surplus items could be exported and thus this could be a good source of foreign exchange for the country. The higher is the level of agricultural production the less will be our dependence on imported items and thus when we reach self-sufficiency in agricultural production we will become independent.

The imposition of economic sanctions on Iran after the occupation of the former United States Embassy in Tehran, gave the necessary warning to the Iranian nation: it made the public realize the danger of depending on foreign countries for agricultural and livestock products. After the Revolution one of the more effective steps was to prevent the import of citrus fruits from abroad as a result of which our domestic citrus production rose and there was sufficient amount of these fruits.

Although, because of the high rate of exp nses, the prices of such fruits are relatively high, these items meet our domestic needs and this shows that the implementation of proper policies will enable the country to reach self-sufficiency in agriculture, extensive agricultural plans should be carried out and all obsta-obstacles in this way must be removed.

Despite the efforts of the authorities there are still problems in the areas of irrigation, ownership of farming lots, fertilizers and animal and poultry feed. Elimination of these problems would encourage the farmers to cultivate more land which in turn would increase their output." The article concluded by saying that solving existing problems and the provision of necessary guidelines to the farmers would immensely increase agricultural production."

CSO: 4920

STATUS, OPERATIONS OF TEXTILE INDUSTRY REVIEWED

Tehran TEHRAN TIMES in English 3 Feb 81 p 2

[Editorial]

[Text]

THE WEEKLY OMMAT the newspaper of the Militant Movement, in its latest issue in an article analyzed the situation of the Iranian textile industry and proposed remedies for its improvement. "There are some 1,360 textile establishments in Isfahan with different levels of production. In these establishments there are between 5-10 textile machines, some rented, and some belonging to the factory itself. Various sorts of fabrics mostly, draperies, are being produced.

"Altogether, as a result of activities of middlemen and shortages of cotton, these workshops and factories are facing difficulties. Because of the poor cotton harvest in the country the yarn needed by these units is being imported from Japan and South Korea and most of the machinery being used in these establishments are made inside the country and at present, from the industrial point of view, these units are self-sufficient. After the Revolution, as a result of high domestic demand created by stopping imports of such items, the production of these factories increased by threefold.

"It was expected that in the post revolutionary period serious measures would be taken by the authorities towards eliminating ties of economic dependence and abolition of exploitative reactions and thus we expected more support to domestic factories and industries and seeing unjust relations put an end to in these units. However, as a result of the liberal stand of the Provisional Government and the incompetence of the authorities these objectives were not fulfilled. Most of the workers employed in these textile establishments are not local and employed on seasonal basis and this makes their exploitation easier. As a result of an absence of any labor organizations within these units and the isolation of these units, usually the workers are not aware of ways of getting their rights as a result of which they are overworked and underpaid. Due to the fact that most of the workers are seasonal transients they do not benefit from health and job insurance and they do not share in the factory. The outcome of this situation is that the owners of the factories get enormous amounts of income while the workers are exploited.

"As a result of absence of any workers councils and lack of support from the government usually the workers are unable to express their dissatisfaction and furthermore the fear of losing their jobs prevents them from objecting to their being exploitated. The authorities should pay attention to the needs of the workers and the authorities should beware since their ignoring these problems would push our economy towards dependence on foreign countries". As a remedy to these problems the article suggested formation of cooperatives and giving authority to workers councils, selling the products at their real prices to the consumers, eliminating middlemen, giving working facilities such as health and job insurance to the workers and finally, employing local workers.

BRIEFS

METALLURGY MAGAZINE TO REAPPEAR--Tehran (PARS)--The Iranian Metallurgy magazine which was greatly missed by its ardent readers will once again appear shortly, a spokesman for the Industrial and Scientific Research Center announced recently. The magazine which was started by several young metallurgical engineers from Isfahan had published four issues before its closure. The closure was attributed to various reasons. The publication asks all those interested persons to send their scientific papers, discoveries or projects for publication in the magazine to the following address: Tehran, Avenue Farvardin, Corner of Sabzevar, c/o Industrial and Scientific Research Center of Iran, or P.O. Box 558, Meshat, Isfahan. [Text] [Tehran TEHRAN TIMES in English 3 Feb 81 p 2]

CSO: 4920

BRIEFS

BULGARIAN INDUSTRY OFFICIAL VISITS--Bulgarian Deputy Industry Minister (Ivanov) arrived in Baghdad last night leading a delegation on a visit of several days to Iraq. He told INA that he will hold talks with Iraqi officials on promotion of trade and industrial cooperation and expeditious implementation of projects by Bulgarian companies in Iraq. [Text] [JN180933 Baghdad Voice of the Masses in Arabic 0800 GMT 18 Feb 81]

CSO: 4802

MAYOR OPPOSES JERUSALEM SUBURBS

Jerusalem THE JERUSALEM POST in English 10 Feb 81 p 9

[Article by Robert Rosenberg]

[Text]

Jerusalem Mayor Teddy Kollek's opposition to a IS200m. scheme to build 500 villas near Nebi Samwil has caused it to be sent back to the cabinet. The idea originally came from the Ministerial Committee on Settlement.

Kollek raised his opposition formally this week during a meeting of the directors-general who represent their ministers in the Ministerial Committee on Jerusalem.

According to Kollek, the Nebi Samwil plan, announced in late December by the Ministerial Committee on Settlement, will be a bedroom suburb, draining the capital of wealthy residents and their taxes. The plan is in opposition to the decision by the Ministerial Committee on Jerusalem to boost government-sponsored construction in existing new Jerusalem neighbourhoods. It is also prohibitively expensive, Kollek said.

According to estimates made by municipal economists, the mere cost of a plot of land would reach IS700,000, with the government subsidy in infrastructure costs for each villa reaching IS350,000.

Kollek explained to the directors-general, whose committee is headed by Haim Kubersky of the Interior Ministry, that with a potential of 3,000 villas in existing Jerusalem neighbourhoods, "nobody needs another villa suburb."

Jerusalem, said one ranking city official yesterday, has had a bitter experience with Mevasseret Zion, which like the proposed Nebi Samwil suburb, is outside the city limits and "is a parasitic neighbourhood, enjoying services such as schools, but not paying for any of them."

The Ministerial Committee on Jerusalem has a long-standing decision stating that existing new neighbourhoods in Jerusalem, including the planned South Neve Ya'acov, should be first beefed up before new neighbourhoods are begun.

The Ministerial Committee on Settlement, when announcing the Nebi Samwil plan, said it was aimed at "strengthening Jerusalem."

It is up to Interior Minister Yosef Burg to bring the Nebi Samwil issue back to the cabinet, City Hall sources said yesterday. Kubersky was not available to confirm whether he had brought Kollek's complaint to his minister.

CSO: 4820

MAPAM TO CONTINUE PARTNERSHIP WITH LABOR

Jerusalem THE JERUSALEM POST in English 9 Feb 81 p 2

[Article by Sarah Honig]

[Text]

HOLON. — Mapam will continue its partnership with the Labour Party in the next elections, but it will demand that the Alignment platform not be identical to the Labour platform. This was decided here last night at the second session of the Mapam convention.

The resolution was supported even by most of those who had previously urged that the Alignment be disbanded. However, Mapam insisted on maintaining the formula by which it is awarded every seventh seat on the Alignment's Knesset slate.

Some voices in Labour had urged that this number be reduced, arguing that Mapam is grossly overrepresented.

At the same time some in Mapam had been demanding increased representation. However, Labour Party Chairman Shimon Peres and Mapam Secretary-General Victor Shemtov had agreed that the *status quo* would prevail.

Mapam also demands freedom to vote as it chooses on religious affairs, the electoral system, settlement policies, and on the question of extending Israeli law to any part of the territories if this is not done as part of a peace agreement. Mapam fears that Labour may eventually support such a move in regard to the Golan Heights.

Shemtov told the convention that Mapam will also demand that some of the clauses of the Alignment platform differ from those of the Labour platform. Shemtov stressed that, unlike Mapam, the Labour platform does not speak of "a Palestinian nation" and Labour "does not say that this nation's right to self-determination must be recognized.

"There are also problems with Labour", Shemtov said, "over withdrawing from the territories." He said Labour had become more extreme on the question of settlement and Mapam had not succeeded in changing Labour's stand on what the peace borders ought to be.

But he added with satisfaction that "the Labour Party has considerably changed since 1977 and has moved in the direction of Mapam to a considerable extent on questions of a peace settlement formula."

MK Chaike Grossman, a one-time critic of the Alignment agreement, complained of a lack of symmetry in the relationship between Labour and Mapam. "Mapam was not so much as mentioned in the last Labour convention. We will not put up with such an attitude," she declared.

CSO: 4820

ANTI-SEMITIC TRACTS DISPLAYED BY EGYPTIANS AT FAIR

Jerusalem THE JERUSALEM POST in English 6 Feb 81 p 2

[Text]

A large shipment of books was rushed to Cairo to meet the growing demand for Israeli publications by visitors flocking to the Israeli pavilion at the Cairo International Book Fair, which ends on Monday.

Scores of Egyptians, mainly professionals and university students, have visited the Israeli booth looking for books on Israel and on science, according to reports from the fair. Arabic-Hebrew and Hebrew-Arabic dictionaries were also reported to be in great demand.

The 33 Israeli publishers participating in the 11-day fair had originally sent out some 330 titles, but some of these were rejected by the Egyptian censor.

The publishers themselves returned home earlier this week, leaving the pavilion to be tended by representatives, among them Egyptian businessman George Ragheb.

Some of the publishers said that they had feared for their lives until the authorities moved to contain anti-Israeli demonstrations by Palestinian activists and their Egyptian supporters.

The head of the publishers' delegation, Yehoshua Levi, protested to the Egyptian authorities about the uncertainties and hostile activities to which the Israelis were subjected at the beginning of the fair.

He had particularly protested to the fair's manager, Naguib Rushdi, against the exhibition of anti-Israeli and anti-Semitic publications produced by government-controlled information institutions. Among the titles he cited were *Know Your Enemy — Israel* and the *Protocols of the Elders of Zion*. These books were reportedly distributed free at a government-sponsored booth at the fair.

CSO: 4820

PURCHASES OF ARAB LAND DESCRIBED

Jerusalem THE JERUSALEM POST in English 7 Feb 81 pp 20-21

[Text]

JEFF ARONSON profiles the past and present methods in the West Bank of Hemnuta Limited, the land-purchasing arm of the Jewish National Fund. Although Jordan has made the sale of land to Israeli Jews a capital offence, Arab middlemen are playing a crucial role.

FOR NEARLY a century, zionists and Palestinian Arabs have struggled for control of the land. In Isr ' today, 92 per cent of the land is owned b_ ne state or by state-controlled institutions. What remains under Arab ownership, particularly in the Negev and Galilee regions, is the target of an Israeli policy of purchase and expropriation.

Since 1967 the land control issue's focus has shifted to the West Bank. Israel is no less determined to prevent Palestinian self-determination than Palestinians themselves are to secure it, and has followed a consistent policy of land alienation on a massive scale throughout the 5,900 sq km area. By changing the very nature of land ownership through the transfer of territory from Palestinian to Israeli hands, Israel makes plain its intention to retain a permanent presence — if not sovereignty — in the West Bank.

The confused and incomplete registration of lands in the West Bank — a legacy of Ottoman rule — has eased the transfer of lands to Israeli control. One million dunams (1,000 sq km) of the West Bank is considered by Israel to be state land, land belonging to the kingdom of Jordan, and is treated by Israel as its own.

Classified Israeli state documents report that 685,000 dunams have been confiscated for Israeli civilian outposts, and an additional 970,000 dunams closed off by military order for army manoeuvres and bases. From these figures alone it can be estimated that 30 to 40 per cent of the total area of the West Bank is now under Israeli control.

Most of this land has been wrested from Palestinians through requisition and expropriation — meaning the actual re-registration of land under the new Israeli owner's name. Expropriation as a tool of land alienation has been concentrated in the Jerusalem area, annexed shortly after the 1967 war and the scene of feverish building activity ever since.

There is, however, another less publicised process of land alienation being carried out. This is the purchase of land by Israeli governmental institutions and nationals for settleme..., speculation and profit. While speculators are motivated by the prospect of fast and large profits, Hemnuta Ltd (the name means 'faith' in Aramaic) buys land for Jewish settlement, complementing the official process of expropriation and requisition.

Shortly after the taking of the West Bank, Hemnuta (the land-purchasing arm of the Jewish National Fund) was given permission by the Israeli military governor to register and incorporate in the West Bank, thus enabling it to buy land 'legally'.

Hemnuta has a long and successful history of land dealings in Palestine. First registered in London in 1936 and later in Tel Aviv, Hemnuta's raison d'etre continues to be the transfer of the land of Palestine from Arab to Jewish ownership to further the programme of Jewish settlement and control throughout the entire 'land of Israel'.

Before 1948 Hemnuta purchased land throughout Mandatory Palestine, including areas on the east bank of the Jordan river. Hemnuta's director Abraham Hillelli

claims — apparently missing the irony of his remark — that the West Bank refugee camps of Kalandia and Deheisha were established on land purchased by Hemnuta before 1948. Today Hemnuta runs a secretive and effective operation out of its Jerusalem and Haifa offices (a West Bank address does not exist), where a number of fulltime staff are engaged in the latest phase of zionist 'conquest of the land'.

Not surprisingly, land sales by Palestinians to Israeli Jews are shrouded in mystery. Neither principal desires that the extent of such activities come under public scrutiny. The Arabs who sell fear retribution by the PLO and Jordan, which has made the sale of land to Israeli Jews a capital offence. Israeli buyers keep quiet because secrecy depresses market prices, and permits them to operate out of the hostile Palestinian public eye.

Anwar Khatib, former Jordanian governor of Jerusalem, reportedly has compiled a list of Palestinians who have sold land to Israelis. Although Khatib denies the existence of such a list, according to reliable sources he recently took it to Amman, where authorities are certain to inform River Jordan checkpoints to look out for those named.

Land sales to speculators and to Hemnuta are usually effected through a series of one or more Arab middlemen — lawyers, insurance agents, or taxi-drivers who have contacts throughout the many isolated villages in the West Bank. The agent generally purchases an irrevocable power of attorney from the owner, which entitles him to sell the land to whoever he wants.

While Hemnuta insists that it actually registers its purchases in West Bank land registries, Israeli citizens were forbidden from purchasing West Bank land (and registering it in their names) until recently. The military government has helped Israelis who hold irrevocable powers of attorney by extending their validity beyond the 5-year limit established by Jordan first to 10 years and now 15.

The power of attorney process is still employed in most sales, as it absolves the Palestinian landowner of any legal responsibility for the eventual transfer of land to Jewish ownership. The September 1979 'legalisation' of land purchases by Israelis is merely a belated recognition of an activity that has had the tacit approval of the Israeli government since June 1967.

Legalisation had long been sought after by Moshe Dayan, whose policies as defence minister and architect of Israel's occupation regime in the early 1970s and more recently as foreign minister have aimed at creating indissoluble bonds obliging Palestinians and Israelis to 'live together'.

In a recent speech to Tel Aviv industrialists, Dayan offered his rationale for land purchases as follows. 'I wouldn't suggest that a Jew buy a house in Nablus and settle there, but I wouldn't forbid it either. President Carter said that an Israeli as an individual is entitled to buy land and build a home anywhere, and I will not be less of a zionist than he. I would be against government settlement in Nablus, but I wouldn't forbid a private individual to buy a house in Jericho, Nablus or Hebron. This is not a question of annexation but of our basic rights.'

Until the September 1979 legalisation only a few Israelis with close ties to the Israeli establishment, and Hemnuta, received the special permits entitling them to buy land in the West Bank. Nevertheless, speculators have operated in the West Bank through untraceable powers of attorney since June 1967. Some people say that certain military officers began to operate within hours of the area's occupation.

Purchasing activity is concentrated around areas earmarked for massive Jewish settlement, principally in the environs of Jerusalem. Bet Jalla, Bet Sahour, and Bethlehem are currently the scenes of efforts by Arab middlemen and their Israeli partners, both speculators anxious to make a quick profit when Jewish satellite communities expand, and Hemnuta, which acts to implement government policy.

Israeli and Arab agents often travel to Central and South America in search of expatriate landholders who are willing to authorise a power of attorney in return for a quick cash settlement. In one instance, an Arab middleman from Bet Jalla travelled to Chile to convince a Palestinian expatriate to sell 150 dunams located near the Deheisha camp. The land was then sold to an Israeli company, which operates a quarry there.

In another case, Hemnuta bought 400 dunams near Bet Jalla from an old man who purchased the land in the name of his son in 1964. The man then disappeared, only to be found in a Tel Aviv bungalow in the company of a young woman — all of which, the man claims, was provided by an Israeli land agent working for Hemnuta. The son

has gone to court to revoke the land sale.

The history of land transfers to Israeli Jews is riddled with tales of fraud, corruption and intimidation. There have been cases where land is purchased from someone who has no rights to the land at all, or only partial ones. There are others where powers of attorney are forged and the parcel of land is 'sold' many times over. Middlemen make their profits by buying at a low price and selling to an Israeli agent for an inflated price.

Although Hemnuta often purchases from speculators, it prefers to avoid the numerous pitfalls to which the more inexperienced dealers often fall victim. In order to minimise the number of fraudulent or invalid land sales, Hemnuta cooperates closely with the military government to locate, purchase, and register lands in the company's name.

'We have been working for close to one hundred years,' explained Hemnuta director Hillelli, 'and we have enough experience to see that (fraudulent sales) don't happen.' He admits that 'accidents do happen', referring to the many court cases brought by Arab landowners who are challenging Hemnuta's claims to ownership.

Hillelli also spoke about Agriculture Minister Arik Sharon's last-minute attempt in the autumn of 1979 to stave off the evacuation of Elon Moreh, near Nablus, by spending $10m to purchase 400 dunams near the outpost. The sale was subsequently voided, Sharon lost the entire sum, and the publicity attending the fiasco has sent land prices sky high throughout the West Bank.

Hemnuta has concentrated its efforts in the areas of Gush Etzion, Latru, Nebi Samuel and Jerusalem. Gush Etzion, near Hebron, is according to Hillelli 'an area which we see as an inseparable part of the state of Israel.' Pointing to a map of the area which highlights the parcels still in Arab hands, Hillelli explained: 'We had thousands of dunams under our ownership before 1967. Within an area this large (3,000 dunams), there are individual parts owned by Arabs and even Jews. We purchase them to prevent problems, and to make continuous plots which we can prepare and establish settlements where Jews can live.'

There is no reliable figure available on the amount of land purchased by Israelis since 1967. Much is still held in the form of powers of attorney, and the land registry is not open for public inspection. Hemnuta alone is estimated to administer a multimillion yearly budget, although Hillelli refused to give even estimates of its budget or of its landholdings — both of which, he notes, are not available from the West Bank company registry where such information is required by Jordanian law.

'I have an idea (of the extent of landholdings), but we don't speak of these things. We have thousands of dunams. We know what we have. Every dunam is written in our books. Our budget is not a secret, but it's not for publication either. We don't list our property in the Ramallah registry because it would quickly be transferred to Jordan, to Fatah, to everyone. I don't think that we have to cooperate with our enemies.'

CSO: 4820

BRIEFS

NEW SQUATTERS' LAW--It will be easier for the authorities to remove squatters--whether Beduin in the Negev or Jews in Tel Aviv--from state-owned land, under the Public Lands Bill (Removal of Squatters), which passed its second and third readings in the Knesset on Tuesday. Knesset Interior Committee chairman Shlomo Hillel explained that up to now the authorities could deal with squatters in one of two ways: apply to the courts for an eviction order, or physically remove the squatters (usually with the help of the police) "within a reasonable period." But the first alternative was a protracted process, and the second was usually rendered meaningless because the courts have generally defined "within a reasonable period" as "within a week from the time the authorities learned of the squatting." The new law defines that period as "within a month." But, more importantly, it authorizes the director of the Israel Lands Administration to order the squatters to leave by a specified date, within three months of his learning of the illegal occupation of the land. A related bill, initiated by Moshe Katsav (Likud), also passed its final reading on Tuesday. It prohibits the supply of water, electricity or telephone service to any illegally-built structure. [Text] [Jerusalem THE JERUSALEM POST in English 5 Feb 81 p 3]

NATIONAL BANK EUROPEAN EXPANSION--Tel Aviv--Bank Leumi is considering opening another two branches in France, board chairman Ernst Japhet announced recently. The bank now has two branches, both in Paris, and one of the new branches will probably also be in Paris, the other one in one of the other large cities. Japhet said that the assets of the bank in France had grown by 37 percent in 1980 (to stand at F.fr.1.2 billion). Profits last year exceeded F.Fr.6m., an increase of 86 percent. The operational profits of Bank Leumi (Switzerland) increased by 37 percent in 1980, to stand at S.fr.6.7m., Japhet said. Bank Leumi has two outlets in Switzerland, one in Zurich and the other in Geneva. The net profit (after allocating monies to the internal reserves) grew by 14 percent, to stand at S.fr.2.8m. The assets of the bank grew by 29.3 percent in 1980, to stand at S.fr.370m. The bank's capital grew by 71 percent last year, to stand at S.fr.38.5m. Japhet announced that there had been a 35 percent growth in the investment portfolios of the bank's customers during 1980. [Macabee Deen] [Text] [Jerusalem THE JERUSALEM POST in English 10 Feb 81 p 9]

CSO: 4820

PRESENT, FUTURE OIL STRATEGY DISCUSSED

Abu Dhabi AL-ITTIHAD in Arabic 21 Jan 81 p 11

[Interview with Dr Mahdi al-Manjarah, an international expert in questions of petroleum and development, by Dr William Zaki (Wisa); in Paris, date of interview not given]

[Text] The Head of the International Federation of Studies of the Future Talks About the Future of the Arab Oil-Producing Countries.

The Gulf Countries Will Not Disappear With the Disappearance of Oil, and Their Resources Could Turn Them Into the "Japan" of the Middle East.

A Decrease in Oil Production Is Necessary in Order for the Countries of the Area to Preserve Their Resources Longer.

The International Oil Companies Known As the "Seven Sisters" Are the Source of the Artificially Created Oil Crisis.

Western Propaganda Gives an Exaggerated Picture of the Arab Countries' Wealth in Order to Distort Their Image.

Human Beings Are the Real Resource of the Gulf Countries, and If This Resource Is Wisely Invested They Can Face the Future with Confidence.

The Gulf countries could be transformed into the "Japan" of the Middle East if they would wisely utilize their human resources, if they invest their oil revenues in the development of these human resources, and if they give them sound preparation, by means of education and training, for the time when there will be no more oil.

This was the prediction of Dr Mahdi al-Manjarah, an international expert in petroleum and development affairs, as we began our interview with him concerning the future of the Gulf countries when the oil runs out.

Dr al-Manjarah is an Arab expert, of Moroccan origin, who heads the International Federation of Studies of the Future, which is based in Paris. An important part of this organization's studies dealing with the future concerns the future of the Persian Gulf states. It was in his office at the headquarters of his organization in Paris that we conducted this interview with him.

The first question concerned what he had to say about the experience which development has undergone in the Gulf countries.

[Dr al-Manjarah] Of course, there are both positive and negative things to say about development in the Gulf area. As for the positive side of things, one could mention the fact that these countries have, from the beginning, concentrated their efforts on developing their human resources, by means of fighting illiteracy, spreading education, and being concerned with scientific research. The fact is that these factors are the real treasure which these countries will find and utilize in the 21st century.

As for negative remarks concerning development in the Gulf area, one could mention the laziness which results when quick profits are earned without putting forth any effort. If this trend is not halted right now it will prove to be the greatest obstacle on the path of development. There is also another obstacle on the path of development which is beyond the control of these countries, and it is the fact that they have such a relatively small population. This is why they are concentrating on importing goods from abroad rather than on industrialization. Industrialization is not possible unless a country has a population of at least about 50 million. This is why it is necessary to have a type of economic federation of the Gulf countries, or else they will not survive. The UAE federation has been an important first step in this direction.

[Question] What is your evaluation of OPEC's oil policy?

[Answer] The most serious mistake which has been made by the oil-producing countries is that they have been producing too much oil. The real wealth is the oil that stays in the ground and which must be kept there as long as possible by decreasing oil production.

[Question] But if this is done, will it not prove to be a danger to the world economy which depends on oil?

[Answer] No, it will not. One fact which not many people know is that the size of the industrial countries' petroleum reserves is much greater than the figures which they publish concerning them. The amount of oil which exists in the U.S., the North Sea, and the USSR is much greater than we think. Furthermore, Western Europe's annual energy production based on coal alone is 1 and one-half times as much as the Arab countries' annual oil production.

[Question] If this is true, then what in your opinion has been the reason for this concocted oil crisis?

[Answer] The reason has, of course, been an economic one. It is much better to consume imported energy resources than to consume energy resources which exist in one's own country because the price of the latter, which is unconsumed, is rising fast every day. With the passage of time, the oil in the ground becomes more valuable. There is also another reason for the crisis, and it is that the "seven sisters"--that is, the international oil companies--are artificially creating the crisis so that oil prices will rise and their profits will increase. According to all criteria used, they are the only ones who are profiting.

[Question] Do you really feel that the OPEC countries can carry out what you are recommending?

[Answer] Of course the oil-producing countries alone cannot do this in the face of the political pressure that would be expected on the part of the industrial countries. But success in this matter depends upon the readiness of the oil-producing countries to take a united stand, regardless of the reaction of the industrial countries. I believe that the oil-producing countries are aware of this, and that this has been shown by the fact that the OPEC countries recently made a secret decision, in their meeting in Vienna, to decrease production by 10 percent. In any case, it has now become necessary to form a bloc in order to deal with this political situation and gradually change it.

[Question] Do you expect that a confrontation between the USSR and the U.S. will take place some day in the Gulf area because of oil?

[Answer] I do not think so. As an economist I have been convinced, for several years, that a type of positive agreement exists between the U.S. and the USSR. Of course there is competition between them, but it is competition which is limited and within the framework of a strategy in which each side knows its limitations with regard to the other and knows what it can and cannot do.

[Question] How do you picture the Gulf in the future when there is no more oil?

[Answer] I will give you a frank answer. The Gulf countries will not disappear when the age of petroleum disappears. When the present educational policy bears all of its fruits, it will turn out that human resources will be the thing that will help the Gulf countries to be able to do without any other resources. If the Gulf countries want to, they can become the Japan of the Arab world in the 21st century. The tremendous development which we have seen in Japan has been the result of reliance on human resources alone, because Japan has no other resources. The disappearance of oil will be a positive factor since it will force the inhabitants of the area to start relying on themselves.

[Question] Europeans and Westerners in general have many mistaken ideas about Arabs. What remarks do you have concerning this?

[Answer] The most serious mistaken idea of the sort which is widespread in the West, and which has been deliberately spread by Western news media, is that the Arab countries, in general, and the oil-producing countries, in particular, are very wealthy. We see that this has been a deliberate distortion of the facts when we realize that the GNP of the 22 member states of the Arab League, which have a total population of 160 million, is only 220 billion dollars. This figure is about equal to the GNP of a single European country the size of Italy which has a population of only 50 million. For this reason, when the Western press talks about capital surpluses in the Arab oil-producing countries, it does not, for example, mention that the Gulf countries' surplus in 1978 was the equivalent of the amount of money spent on advertising in the press and radio of a single country such as the U.S.--which was $35 billion!!

[Question] Since the appearance of the so-called oil crisis the world has been talking about new sources of energy. In your opinion, when can the world expect to see the results of efforts to find new sources of energy, and what are the other areas toward which the West is directing its efforts in order to obtain alternate sources of energy?

[Answer] I believe that within the next 10 years we will see tangible results in this regard. We have already begun to see modest results in the field of solar energy. I hope that the Gulf countries will begin, starting right now, establishing the industrial framework which will permit the utilization and storage of solar energy. This will enable the Gulf area to remain a permanent source of energy. As for the other sources of energy, the most important new source during the next 20 years will be nuclear power. By nuclear power I do not mean that which results from nuclear fission. I mean the atomic energy which can be obtained by means of bringing together the neutrons within an atom. This is a type of energy which is self-sustaining and does not produce waste.

9468
CSO: 4802

FOREIGN LABOR PROBLEM DISCUSSED

Kuwait AL-TALI'AH in Arabic 21 Jan 81 pp 36-37

[Article from the section "the Arabian Peninsula": "The Foreign Labor Force Problem Is a Problem Which Is Being Put Off!!"]

[Text] In Dubai last week the third session of the Arabian Gulf Countries' Ministerial Council of Labor and Social Affairs concluded its business. The resolutions passed at the meeting dealt with discussing "the principles of social care and their role in serving the society of the Gulf countries" and with making a general appeal to the governments of the member states to "develop workers' social services, both quantitatively and qualitatively, in industrial installations in general and in the smaller installations in particular, the aim being to increase production efficiency and the rates of economic and social growth."

The first thing which strikes one about the resolutions passed at the meeting is that they failed to deal with the "foreign labor force" problem in spite of the fact that this is considered one of the vital issues to be dealt with by a meeting held by such ministerial organizations. Also, a "Follow-Up Bureau" was formed and assigned the task of preparing integral studies concerning the unification of labor policies among the Gulf countries--which would help eliminate this problem and enable the Gulf countries to maintain their national identity. It should be mentioned at this point that the agen of the second session, which was held in Kuwait in February 1979, included an item concerning this matter. However, the objections of some of those present at the session prevented the reaching of an agreement about this question. The Sultanate of Oman and Saudi Arabia refused to agree to the Labor Bureau's suggestion which called for preparing a complete survey concerning the percentages of foreign workers in the labor force of each Gulf country and each country's foreign labor force needs during the course of the next 5 years. This would make it possible to complete the preparation of a comprehensive plan for the utilization of Arab labor in place of the workers coming from the Far East. The representatives of the two countries justified their objections by saying that "this is not within the authority or sphere of competence of the Labor Bureau."

The Foreign Labor Force - Facts and Figures

It is sufficient to draw on some figures and statistics in order to demonstrate the seriousness of this problem. Before beginning to talk about the dangers of

the problem, we would like to cite some information published by the British magazine (EIGHT WAYS), taken from a field study conducted by two British economists from the University of Durham. The magazine says: "The number of foreign workers in Qatar is 4 times Qatar's number of native inhabitants, and in the UAE there are twice as many foreign workers as native inhabitants." The two scholars assert that "by 1985 the Gulf states will be in need of 1 million more foreign workers, and the overwhelming majority of them will be coming from the Indian subcontinent and the Far East."

Prof Karl Schiller, West Germany's former minister of finance and economy, prepared a similar study concerning Saudi Arabia. In it he said that "by 1985 in Saudi Arabia there will be 1 foreigner for every 2 Saudi citizens." Also, a Saudi official expressed his apprehensions "about the fact that the labor force, by the middle of 1981, will total 2.3 million workers, of whom 900,000 will be foreigners."

During the last 5 years Bahrain has experienced a phenomenal increase in the number of foreign workers. "The workers from the Indian subcontinent and the Far East constitute about 76.3 percent of the total labor force available in the labor market." During the last 2 years, Kuwait has also experienced a similar increase in the number of foreign workers. The percentage of work permits granted to foreign workers in 1978 was 72.3 percent of the total number of work permits granted that year, and the total number of workers from Asia was 87,678." Official sources anticipate that Kuwait, in 1981, will need "67,220 workers in all of its installations and government and private sectors."

Human Settlements

One feature which accompanies the foreign labor force phenomenon is the setting up and establishment of "workers' settlements." These settlements first appeared in Saudi Arabia's Eastern Province in 1975 when there was expansion in the utilization of Korean workers, who were employed by the (Hiwandi) Construction Co. This phenomenon gradually spread to the other areas of the Gulf. Similar settlements were set up in Umm Sa'id in Qatar, and government estimates were that there were 30,000 workers living in these settlements. The UAE has prepared an industrial plan for the Jabal 'Ali area of Dubai which will require a labor force of about 87,000 in 1981.

The striking thing about these settlements is that they are established in localities which are isolated from the local inhabitants and are run in paramilitary fashion--with saluting the flag and morning physical training. They are set up on the principle of being self-sufficient in terms of services and utilities and are run by their companies, with no control exercised over them by the local governments. What we wish to emphasize here is that it is not purely accidental that these settlements have these characteristics. It is a general trend and policy which is adhered to when work contracts are signed with foreign companies, especially with Asian ones.

Bahrain Is a Typical Example

We can clearly see the obvious effects of the foreign labor problem in Bahrain which, unlike the other Gulf states, has a relatively small GNP--only 291 million

dinars. During the last 2 years Bahrain's native inhabitants have suffered severe unemployment. This crisis reached its peak when 200 unemployed Bahrainis, in June 1980, marched to the Ministry of Labor and Social Affairs and demanded that the authorities put an end to their problem. They presented a petition which had been signed by 800 unemployed citizens, including 300 who hold university diplomas. The efforts which were then undertaken by the authorities there fell short of being any sort of "comprehensive solution." They consisted merely of issuing a decision which would prohibit the importation of foreign workers for a period of only 3 months and announcing a project to "train 10,000 people"--a program which would give intensive training to the unemployed in order to raise their job qualifications. According to Khalifah Khalfan, the director of the Labor Office, this is the only way to deal with the foreign labor problem. In other words, according to the official point of view presented, the solution lies in "improving the local workers' ability to compete with foreign workers" and no thought is being given to totally eliminating the use of foreign labor.

Questions to Ponder

There are many questions to ask concerning the issue of why foreign labor is not used [only] to fill the gap in local labor which these countries are suffering from. But these questions quickly fade when we realize that none of the Gulf countries signed Labor Agreement No 9 of 1977 which has to do with organizing joint Arab action in the area of vocational training and preparation as well as facilitating the movement of Arab workers from one Arab country to another. Recommendations of the Arab ministers of labor were combined into the form of an agreement to limit the influx of non-Arab workers into the Gulf countries, and this agreement was approved by the Council of the Arab League. But none of the oil-producing countries of the Arabian Peninsula ratified it.

To this fact we must add all of the administrative red tape which these countries resort to when dealing with the question of utilizing Arab labor from other Arab countries, and we must remember that foreign, non-Arab labor is relatively cheap. The most important factor is that the work contracts worked out between the governments of these countries and the foreign investment companies contain no conditions which stipulate that the companies have to use Arab labor.

There Are Dangers That Are Comming

The steadily increasing influx of foreign workers, especially from Asia (South Korea and the Philippines)--to the extent that they equal or exceed the number of native workers--is something which exposes the Gulf countries to numerous economic and social dangers. But the most serious danger, in view of the prevailing political situation, is the possibility of utilizing this foreign work force as a military instrument due to the nature of the relations which exist between the workers' countries of origin (South Korea and the Philippines) and the United States--which has chosen the option of military intervention in the Persian Gulf area as a permanent principle in its foreign policy. It is even more to the point to bring up this matter when we realize that most of these foreign workers are young, have had military training, and are prepared for the type of military existence which prevails in the workers' settlements throughout the Gulf countries.

This phenomenon is a natural result of the development policies which have been pursued in the Gulf countries, whose oil revenues have been invested in areas which are not beneficial. Most of the revenues nave been sent abroad in order to import consumer goods and weapons. When these revenues were invested in various industries, the industries were usually of a primitive, non-sophisticated type in addition to being isolated from all of the other economic sectors. Things were not done in a systematic, integral approach. All of this is made worse by the fact that there have been no efforts on the part of these countries to achieve serious coordination with each other in preparation for the time when the oil runs out.

9468
CSO: 4802

SAUDI DEFENSE POLICY REVIEWED

Jiddah ARAB NEWS in English 7 Feb 81 p 3

[Text]

RIYADH, Feb. 6 (SPA) — Defense and Aviation Minister Prince Sultan ibn Abdul Aziz denied press reports that Saudi Arabia was supplying Iraq with arms. He described the reports as "absolutely unfounded."

In a statement to *Al-Difaa* magazine (defense), Prince Sultan said Iraq has not requested arms from the Kingdom. Rumors to the contrary are media aggression serving parties that have interests in the continuity of the Iraq-Iran war, he said. "As previously declared, the Kingdom does not wish for this conflict to expand or continue. Saudi Arabia exerts all possible potentials to save Muslim bloodshed and resolve differences between the two countries in peaceful ways," the prince said.

The defense minister was speaking to senior armed forces officials at the Officers Club here Wednesday night. Prince Sultan spoke about the achievements of the third Islamic Summit conference that ended in Taif, which he said will secure the interests of the Islamic community and serve its crucial causes.

He reviewed the achievements of the Defense and Aviation Ministry and its activities. Prince Sultan stressed the need for speeding the construction of the ministry's projects on schedule. He called for more efforts and attention to the preparation and development stage of guidance and training to uphold defense capabilities of the Armed Forces.

Answering a question on the Zionist media campaign about Saudi Arabia purchasing sophisticated weaponry from West Germany, Prince Sultan said the "fabrication" of a campaign by zionist media is nothing unnatural. "We did not officially order anything from Germany. And if we do, we would be excercizing our natural right from the principle of sovereignty though we do not intend to attack any one."

He referred to the Zionist enemy's aggression and continuing attacks and said that Israel does not want anybody to be strong and ready to defend himself and his country. "Hence Zionists always fabricate such campaigns," Prince Sultan said.

In Washington, D.C. Saudi Arabian Ambassador Faisal Al-Hegelan disputed reports that 100 tanks from Eastern Europe had been shipped across Saudi Arabia to aid Iraq's war with Iran.

"I don't believe that took place," the ambassador told reporters during a state department visit. Hegelan said the matter did not come up during a one-hour meeting with Secretary of State Alexander Haig, which he described as a courtesy call.

Earlier this week U.S. officials said Soviet-designed T-55 tanks had been shipped from Poland to Iraq by way of Saudi Arabia.

Poland manufactures the Soviet-designed T-55 under licence, U.S. officials said. The T-55, which is the mainstay of the Iraqi armed forces, is also used by other East European Soviet-bloc countries but the officials said they did not know if they were involved. Acting department spokesman William Dyess, asked about the tank shipment, told reporters: "If we have such information, it came to us in a confidential manner and I would not be able to comment on it from this podium." One official said the shipment was regarded as "just a business deal" between Iraq and an East European supplier."

CSO: 4820

LABOR VIOLATIONS INVESTIGATED

Jiddah ARAB NEWS in English 12-13 Feb 81 p 2

[Text]

JEDDAH, Feb. 11 — Hundreds of companies are being investigated for violations of the rules concerning recruitment of foreign labor and other personnel. Fifteen companies will be banned from applying for visas and 500 are under close surveillance.

Speaking to *Al Jezirah* Wednesday, Deputy Interior Minister Dr. Ibrahim Al Awaji said last year several companies were forbidden to hire foreign labor abroad because of gross violations of the law. Many others, considered incompetent to hire workers, have submitted doubtful information including municipal building permits. "We are checking to see if they are really genuine applicants," he said.

Dr. Awaji said the recruitment of foreign women domestics has become a phenomenon since even those who did not want or care to hire them were now eager to appear as if they reached a certain social status requiring foreign domestic help. "The change that has occurred over the last three to five years is truly surprising," he said. The majority of homes which had not hired help are applying and insisting on doing so now. "This has become a social exhibitionist tradition which I believe is immature because it has an element of showmanship rather than a real need for home help," he said.

Dr. Awaji cited the example of an applicant who wanted visas for a married couple although his own salary did not exceed SR2,500 a month. "Besides," he said. "There are many negative factors in this tendency, both on the family and the upbringing of the young, he added.

He said the ministry is studying carefully this new phenomenon which is the result of the economic prosperity of the country. It is a dangerous development which could lead to a "lazy, velvety" society, he said. He appealed to the press and writers to highlight the problem not only once, but continuously and from various angles. The recruitment office of the ministry will be pleased to offer any assistance in this connection, he said.

Dr. Awaji said the ministry originally had preferred to restrict the recruitment of domestic help to Muslim women from Islamic countries since these women are live-in personnel and their religious affinity with the employers can mitigate the negative aspects of hiring foreign women.

Asked about the right of expatriates to accompany or to call their families to the Kingdom Dr. Awaji said the ministry had made a careful study of the various categories of expatriates before deciding which ones can do so. Only those with the proper qualifications who are needed for development purposes were exempted from the ban, he said, provided they also had the right income and accommodation. It is not true that anybody working here can get permission to bring his wife here. There are rules and regulations governing such requests.

He made it clear, in view of some misunderstandings, that the rules did not state that anyone who has been here five years can now obtain residence visas for their wives, but that only those who had already been in the country at the time the rules were announced last year may be allowed to keep

their wives here. "This was made clear from the start but a lot of people did not interpret it correctly," he said. These rules apply to foreigners outside the categories specified which include university professors, teachers at all levels, doctors, pharmacists, veterinary surgeons, engineers, including chemists, farming and insecticide specialists, weapons and ammunition specialists who are qualified graduates of universities and educational institutions specializing in these fields, managers of companies and enterprises of no fewer than 100 employees on the basis of evidence issued by the General Organization of Social Insurance or a bank certificate provided that they deal with no less than SR1 million a year or have a capital of no less than SR1 million.

The second category includes university-qualified chartered accounts and legal consultants, X-ray assistant technicians, laboratory assistants, trained nurses, surveyors, draughtsmen. All of them should fulfill certain conditions which include a residence of no less than one year, have an income of not less than SR4000 a month, should be working in their original area of specialization and continue to do so.

Awaji said the ministry was in touch with the commerce ministry about the bonafides of holders of commercial registers who may not be quite competent to do the work they claim in their applications — not to mention hiring foreign workers. The commerce ministry is carrying out a survey of the registers to sort out the genuine ones from the others, since they also have an effect on recruitment once the applicant has a commercial register in his pocket. "It is difficult for the recruitment office to refuse applicants who have been registered," Awaji said. He hoped that the commerce ministry will speed up the process.

CSO: 4820

SAUDI-UNITED KINGDOM TALKS SEEN A SUCCESS

Jiddah ARAB NEWS in English 15 Feb 81 p 1

[Text]

LONDON, Feb. 14 — The fifth annual meeting of the Saudi Arabian Joint Economic Commission, held in London from Feb. 9 to 13, has been hailed as a great success by both sides.

The 34-member Saudi Arabian delegation was the largest ever contingent sent by any foreign country to the U.K. for beefing up bilateral trade relations and was seen as a good start for the forthcoming visit of British Minister Margaret Thatcher in April.

Meanwhile, British Minister of State Douglas Hurd will be in the Kingdom Monday to prepare the groundwork for Thatcher's visit.

A highlight of the Saudi Arabian delegation's stay in London was a CBI seminar at which the Kingdom's Deputy Minister for Planning, Dr. Faisal Bashir, spelled out the features of Saudi Arabia's third development plan. Over 350 senior British industrialists, bankers and businessmen were present.

Speaking on the occasion, the chairman of the Saudi Arabian delegation, Sheikh Abdulla Aliraza (deputy foreign minister for economic and cultural affairs) said he was encouraged by the earnest desire of both the British government and the private sector to beef up trade relations with Saudi Arabia.

The meeting, he said, "represents a remarkable stage in the increased cooperation and coordination between the two countries and will lay the ground for the success of the forthcoming visit to Saudi Arabia by the prime minister of the United Kingdom." He hoped that the U.K. will play a significant role through the Economic Commission in promoting a just and honorable peace in the Middle East.

Roy Williams, chairman of the U.K. side of the JEC, said "there are many opportunities now available to British industry and commerce to press ahead with business and technical cooperation activities with Saudi Arabia.

CSO: 4820

SAUDI-GERMAN RELATIONS OUTLINED

Jiddah ARAB NEWS in English 15 Feb 81 p 7

[Article by Dr. Otto Graf Lambsdorff]

[Text]

BONN, — German-Saudi Arabian relations have throughout their fairly short history evolved on the basis of close friendly ties between the peoples of the two neighboring regions of Europe and the Near East. Their development in the past five years has been particularly impressive. Today — at the beginning of the 1980s — a remarkable measure of common thinking characterizes the Saudi Arabian and the German governments' political views. The Kingdom of Saudi Arabia has become our most important trading partner of all Arab countries and even of the entire Near and Middle East.

There are many reasons for this: the development may be reduced to two essential elements. The basic conditions for intensive economic cooperation in a wide field have been satisfied on both sides. The objective pursued by the Saudi Arabian government vigorously, though not without a sense of proportion, to free the country from its overwhelming dependence on the oil industry and to diversify its economy fits together with the ability of the German export industry to cooperate in many fields. The political environment, which plays an ever more important role for the extent and intensity of international economic integration, has long been prepared by both governments through contacts and consultations with the result that it has become a major buttress and quality of present-day economic cooperation.

A review of the progress of our economic relations since 1975 — the year in which Saudi Arabia's second Five-Year Plan was enacted to build up the country's economic potential and which represents a turning point in its economic development — reveals a thoroughly positive picture. German goods delivered to Saudi Arabia more than trebled in that period. With a total bilateral trade volume of DM 8.7 billion Saudi Arabia has since 1979 ranked first among our trading partners in the Near and the Middle East. In 1979, German exports to Saudi Arabia stood at DM 4.41 billion in all (first half of 1980: DM 2.1 billion) while its imports from Saudi Arabia amounted to DM 4.3 billion (first half of 1980: DM 3.7 billion). A few large contracts in the infra-structure field contributed decisively to the rapid increase in the goods trade. A sector analysis shows that the German export industries most strongly represented are the traditional sectors producing electrical engineering goods, plant and equipment as well as motor vehicles. Ranking behind the U.S.A. and Japan, the Federal Republic of Germany has traditionally occupied third place among Saudi Arabia's suppliers.

Saudi Arabia has gained special importance for the economy of the Federal Republic of Germany because it now tops the list of our major mineral oil suppliers. In 1979, no less than 17 per cent of the crudes refined in the federal Republic of Germany were Saudi Arabian crudes. The figures available for the first nine months of 1980 show a further rise of this trend. The importance of close cooperation with the Kingdom of Saudi Arabia especially in the oil sector has once again made clear — not only by the events of the past twelve months.

On the other hand the trade statistics for the first nine month of 1980 also show that German export industries must continue their efforts if they wish to keep the attractive Saudi Arabian export market open for the products to a similar extent. While our

exports to the Arab countries experienced another average increase of 10.7 per cent in this period, imports by Saudi Arabia for the first time went down — though slightly — by 2.3 per cent. It is not difficult to identify the following as explanations: fiercer competition with East Asian countries, for instance, in the building sector, the effects of changed dollar parities placing German goods in Saudi Arabia under additional competitive pressure and the participation of German industry less strong than originally expected in the planning and construction of the new industrial centers of Yanbu and Jubail. However, our economic relations with Saudi Arabia are not at all restricted to a comprehensive two-way trade flow. In building up their economies, it is the developing nations' legitimate right to expect the industrialized countries to involve themselves in the longer term beyond the scope of mere export interests, this enables the developing nations to participate actively in free international trade within the framework of their possibilities. Thus for the oil-rich developing countries the question as to the perspectives for the post-oil period is already arising.

Saudi Arabia who strives forward creating a liberal economic system and policy comparable to those of the Federal Republic of Germany unequivocally supports modern economic cooperation with the industrialized countries in the spirit of genuine partnership.

This requires mutual readiness for collaboration in the long term on the basis of mutual trust taking the economic potential of individual countries into proper account. For the industrialized countries this obviously includes the readiness to transfer industrial know how, to improve the transfer of technology and to increase their involvement in the field of industry-related vocational education.

Industry as well as economic and commercial associations and organizations in the Federal Republic of Germany have been prepared for such cooperation on a partnership basis for many years. Facts and figures impressively reflect German industry's share in the development of Saudi Arabia's industry and infra-structure. Renowned large and medium-sized industrial enterprises as well as consultancy and engineering firms have worked in Saudi Arabia for many years. This applies to spectacular large projects in much the same way as to a large number of less known ones.

Many German companies have responded to Saudi Arabia's wish for industry-related vocational education in the context of plant deliveries by setting up training centers in Saudi Arabia or in the Federal Republic of Germany. The increased number of new German-Saudi Arabian joint ventures — this is not only confined to the known ones in the vehicle engineering and steel sectors — illustrate very clearly the readiness of the German side to transfer technology on a major scale. During 1980 German investment in Saudi Arabia alone has more than doubled, that is from the date of signing of the Agreement on Legal Representation of Guaranteed Private Investment.

In close cooperation with the government of Saudi Arabia, the Federal Republic of Germany is making efforts toward steadily expanding and improving elements of cooperation in mutual relations, especially fundamentals for further broad involvement of German companies in Saudi Arabia. Apart from the traditional possibility of direct government-to-government talks an important instrument for both countries in this area is the Saudi-German Joint Commission on Economic and Technical Cooperation. Both countries' ministers of economics jointly chair this commission, which comprises representatives of government and industry so as to deal optimally with the broad spectrum of possibilities for economic collaboration.

Since its first meeting in Bonn in August 1975 this commission has been able to generate a number of impulses for bilateral relations. Special progress has, for instance, been made in the cooperation with the Saudi ministry responsible for vocational schools, agreed upon at the first meeting of the commission. In the meantime more than 80 experts have taken up work on nine different projects in the country. Moreover, an agreement was signed at the latest (fourth) meeting of the commission in Riyadh in January of this year which facilitates the sending of German experts to Saudi Arabia and thus makes possible a more intensive transfer of know how. An inter-governmental agreement on scientific and technological cooperation — also signed at the fourth meeting — is designed to lay the bases for closer cooperation in this important field. The Agreement, signed at the commission's third meeting, on Legal Representation of Guaranteed Private Investment has already proved its value. The Federal government is looking forward to unreserved continuation of economic cooperation with Saudi Arabia. From frequent meetings with government representatives of the Kingdom of Saudi Arabia I am confident that the Saudi Arabian government will also pursue the consistent application of this concept of cooperation. Therefore I am positive that German industry will use this opportunity for further intensive cooperation in the interest of the economies of both countries.

CSO: 4820

SAUDI OIL INTENTIONS QUERIED

London 8 DAYS in English 14 Feb 81 pp 14-15

[Article by Nigel Ash]

[Text]

Sheikh Yamani's statement that Saudi oil production could 'go down to five or even three million barrels a day' has caused widespread disbelief, reports NIGEL ASH. But few doubt that a less swingeing cut is coming.

SHEIKH YAMANI, the Saudi oil minister, has reportedly said that his country could cut back its oil production by more than half in 1982. The remark has caused widespread incredulity in the West.

Two factors severely limit the Saudis' room to manoeuvre. They have just announced a $ 'xxbn Five Year Plan that is totally dependent on oil income. In addition, a $15bn gas gathering plant — the world's largest — is nearing completion. Thus, economists argue, any radical alteration in production would indicate a remarkable change of strategy by the Saudi government.

Sheikh Yamani's speech to 1,000 students at Dhahran's University of Petroleum and Minerals was reported in *Saudi Gazette*. He said that the present Saudi production of around 10.3m b/d 'can go down to five or even three million barrels a day, depending on the increase in production from Iran and Iraq when the war is over.'

Whatever else such a cutback would achieve, it would force a radical rethink for Saudi energy experts. Their massive $15bn 4,000MW capacity plant, designed to gather and process associated gas, requires a minimum production of 8.5m b/d from Saudi fields.

Sheikh Yamani told his student audience that any drop below that production figure would inevitably mean that expensive facilities would be operating below capacity. Contracts to supply gas to new industries, including petrochemical, power and water plants, would be no longer applicable, he said. He added, however, that Saudi Arabia could minimise the effects by substituting other petrochemical feedstocks such as naphtha for associated gases.

A fall in production would, in any event, reduce the wasteful flaring off of associated gas which the gas scheme was designed to harness. However, if the Saudis were to cut back, they would also have to abandon plans to establish themselves as major exporters of liquefied petroleum gas (LPG) by the end of the decade.

A senior US oil analyst told *8 Days* that he found it hard to accept that the Saudis would be able to write off the huge investment they have made so far in the gas gathering plant, which has been described as the world's largest engineering project. The plant is to process 85m cubic metres of gas a day to produce fuel gas for industry, power generation and water desalination. It would also provide ethane as feedstock for the Jubail and Yanbu petrochemical complexes. The propane, butane and natural gasoline produced were to have been exported. The construction of a 1,168km high pressure LNG pipeline between the gathering point at Sl'-dgum and Yanbu, which began in 1978, is nearing completion.

The plant would have provided gas to Saudi industry at around one fifth of world prices. In 1976, Abdulaziz Alzamil,

vice-chairman of Saudi Arabian Basic Industries Corporation (Sabic) said: 'No doubt about it, the gas we have will be much cheaper than anywhere else, and that is the whole principle behind our industrialisation. We are using a resource we have.'

The reluctance of US oil analysts to accept that Saudi Arabia is on the verge of slashing its gas production is therefore understandable. One expert thought that the minimum level that Saudi Arabia's oil production could fall to was about 7.5m b/d.

'Saudi Arabia has fixed deals for between 6m and 6.5m b/d with the US oil companies that used to be part of Aramco and now operate in the national oil organisation under service contracts in exchange for guaranteed oil supplies,' the same industry expert said. 'Then there are the supplies that the Saudis are supposed to be making available to organisations that are prepared to invest in building up Saudi industry. There are no firm details on these arrangements, but the Saudis set great store by this method of attracting foreign investment.

'On top of this, there are the 1m to 1.5m b/d that the Saudis have been supplying to countries like Brazil and India, whose supplies have been disrupted by the Gulf war. And finally of course, there are the Saudis' own requirements. If the Gulf war ends this year, they could indeed dispense with the war contracts — but it is still hard to see them producing much less than 7.5m b/d, if that.'

So what, then, lies behind Sheikh Yamani's reported pronouncements? A London specialist in production operations has confirmed to *8 Days* that, technically, there would be little problem in shutting down a large number of Saudi wells. With the fall in oil production, the associated gas (much of which is still flared off) would be closed off too.

It has long been said that Sheikh Yamani's reluctance to destabilise the western economies, in which so much of his country's $75bn surplus revenue is invested, has caused restlessness among an emerging group of 'Young Turks' in the country.

This faction cares less for economics than politics. It has been incensed not only that the 'oil weapon' has achieved little in the settlement of the Palestinian problem but also that, for nearly a year now, Saudi oil has been going into the US Strategic Petroleum Reserve — a weapon that the Americans intend to use against the Arabs should there be another oil embargo.

All Arab states have reasonable grounds for believing that President Reagan's administration is set on a more overtly pro-Israeli course. As reported in last week's *8 Days*, there are members of the new US government who are determined to break what they see as Opec's hold over the West. In the light of these ill-concealed sentiments Saudi Arabia, America's most consistent but silent friend in the region, must be seen to make a stand.

There is also the tricky question of falling oil revenues for Opec states. Sheikh Yamani said in his Dhahran speech that he was aware that a profusion of Saudi oil — still Opec's cheapest at $32 per barrel — would act against the interests of other members. 'Shall we ask Algeria, Nigeria and Indonesia, countries which need every dollar they can get for their development, to reduce production?' he asked.

He went on to argue that by 1982 demand for Opec oil would fall by 2m b/d, at a time when the Gulf war would probably be over and both Iraq and Iran would be producing as much oil as possible, perhaps up to 7m b/d between them, to refill their depleted treasuries.

If Sheikh Yamani's words were more than mere speculation, then his country could be embarking on a revolutionary course, the effects of which will be felt around the world.

CSO: 4820

LOCAL BUILDING INDUSTRY ENCOURAGED

London 8 DAYS in English 14 Feb 81 pp 16-17

[Article by Paul Barker]

[Text]

PAUL BARKER reviews the state of the Saudi construction industry which, though set for lower growth, is planning to use a much higher proportion of local materials.

THE SAUDI building boom appears to be over. The kingdom's Third Development Plan envisages a drop in the building industry's labour force from 330,100 in 1979-1980 to 245,000 by 1985. Housing figures predict a 20 per cent drop in the number of units built, from 338,584 in 1975-1980 to 270,853 over the next five years.

Another significant factor is that Saudi Arabia's construction industry plan is committed to phasing out foreign contractors. Crown Prince Fahd has issued a circular to all ministries, state bodies, and independent government agencies instructing that contracts for bridge construction, road building, and small to medium sized buildings must go to Saudi firms. There will also be a major drive to improve the domestic construction materials manufacturing industry, and the dissemination of construction information.

Two tables released with the Third Five Year Plan show the progress so far. Table 1 is a five-year projection of the likely demand for building materials, based on building programmes by the public, military and private sectors. Table 2 charts the efforts made by the government to meet the demand for materials locally through government backed public or private light industry, but as the plan comments: 'The indicated gaps between requirements and capacities suggest scope for further expansion of domestic production capabilities'.

Feasibility studies carried out by the Saudi Consulting House will also play an important role in the plan's objective to improve the local construction materials manufacturing industry. To take the example of a study on the kingdom's cement requirements, a consultancy survey predicted that cement consumption in 1985 would be 17.2m tonnes and forecast local production at 9.5m tonnes. This would mean that 55 per cent of the kingdom's cement in 1985 would be manufactured locally. (In 1978 local manufacturers produced 1.8m tonnes or 21.1 per cent of total needs.)

Should the kingdom aim at an even higher percentage? The answer is probably no, but the reasoning is important. Demand for cement in the Third Five-Year Plan is not going to experience anything like the 47 per cent annual growth rate of the previous five years. It may fall. If the Saudis aimed at 100 per cent import substitution at a period of maximum demand, their plants would subsequently operate at well below full capacity.

The construction sector's plan is one sign that the Saudis are taking overcapacity and overproduction into account given the deceleration in the pace of development. The fact that nearly half of the new cement production over the next five years is to be contributed by the Saudi-Kuwait and Saudi-Bahrain plants, is evidence that industrialists are beginning to consider export markets. The Saudi Industrial

Development Fund has already imposed a moratorium on finance for new plants producing red sand lime, and sponge bricks, prefabricated cement parts and cement blocks, tiles and ready-mix concrete, and aluminium doors and windows. However, the Saudi Consulting House has found some demand for small plants producing these materials outside the three major population centres of Riyadh, Jeddah and Dhahran. The Saudi Consulting House has also predicted a peak in demand for new refrigerators by as early as 1983 when a second hand market begins to develop.

1 Construction materials required

material	quantity (m tonnes, unless otherwise stated)
cement[1]	68.00
steel reinforcing bars	10.00
asphalt	13.00
aggregates	286.0m cu m
concrete blocks/tiles	31.00
concrete piping	0.58
asbestos cement piping	0.64
architectural stone	2.60
structural steel	2.40
steel piping	50.00
sheet metal	3.50
aluminium (fabricated)	0.17
lumber	9.00m cu m
glass	0.34
drywall, acoustic ceilings[2]	36.00m sq m
insulation[2]	0.38
paints and sealants	133.40m litres
membrane roofing	42.0m sq m

[1] Includes cement used to manufacture blocks, slabs, tiles
[2] Represents growth of requirement since products not installed in all houses and buildings

2 Domestic production capacity for construction materials
Government financed only

material	quantity (m tonnes, unless stated)
cement	32.00
steel reinforcing bars	3.00
asphalt	8.00
aggregates	35.00m cu m
concrete blocks/tiles	4.76
clay bricks	0.08
red bricks	0.06
sand lime bricks	0.83
other bricks	0.35
precast concrete elements	0.19
precast concrete slabs	0.60
pipes (cement, clay)	20.00
asbestos sheets	0.42
marble	0.42
architectural stone	10.00
paints	75.00m litres

Source: Saudi Economic Survey

Work in progress in Riyadh: new Five Year Plan sees a drop in activity and phasing out of foreign contractors

CSO: 4820

WAR RESULTS SAID TO CONTRADICT IRAQI CLAIMS

Damascus AL-BA'TH in Arabic 7 Jan 81 p 2

[Editorial by Turki Saqqar: "Saddam's Regime, Between Adherence to Positions and Their Collapse"]

[Text] Four months after Saddam's war began, some results of this war are surfacing, and they certainly contradict the Iraqi rulers' claims and their media's propaganda. They have tried to sell this to the Iraqi man-in-the-street, but the war of national liberation, Saddam's crusade, or the other descriptive terms applied to this war, are phoney and lies. This became obvious recently, through the complete collapse of most of the battle lines, through increased oppression and terror inside Iraq, and through the despotism, repression and bad living conditions, the likes of which Iraq has never seen before. This has compelled the Iraqi regime to close the borders to travellers coming into Iraq and to those leaving, so that these disgraceful acts would not be revealed and the lies put to Saddam's myths and empty heroics, which his media spews forth as forcibly and as best it can.

After what is happening in Iraq, "Marshal Saddam" continues the war, claiming adherence to military positions. He is not content with that; on the contrary, he draws up a new map, which he claims will be kept under his control, until he decides to reverse that. He knows better than anyone else that this is impossible, if not merely a figment of his imagination. This is not just because the Iranian side is determined to pin defeat on Saddam, but because the basic purpose of Saddam's war is to prepare all the conditions for extension of American hegemony over the Gulf's oil. We believe that this goal began to crystallize and take shape with the approach of Reagan's assumption of constitutional power in the White House, and his intentions to apply a policy of force, especially in those areas which the American administration deems important and vital. The Arab Gulf is in the forefront of these areas.

Thus, Saddam calls for holding fast to military sectors and positions, at a time when retreat, collapse and psychological breakdowns, resulting from the iniquitous war, have surfaced, along with the discontent of everyone in the heroic Iraqi army. Imperialism and Zionism will profit, as was intended by those who urged Saddam to undertake this thoughtless war. They are the exhaustion of Iraq's energies and the smashing of the Iraqi army, so that it will have to drop out of the Arab Nation's battle, as Sadat has taken out the Egyptian army. If these primary results are imminent, then there are far-reaching results which are of no

less consequence. These are the continuing American presence in the Gulf area, and the return of imperialism, in all its oppressiveness, to that important region of the Arab Nation and the World. This, of course, will give free rein to Israel to carry out its schemes in the area.

We can summarize the most important evidence, which shows up Saddam's regime's claims of adhering to positions in Iran, at a time when all the news agencies are pointing out the falsity of these claims, by the following:

Concealing the size of the tragic catastrophe to which the Iraqi army is being subjected. It is fighting in truly indefensible positions, following the loss of its combat capability and arms, which is considered a natural outcome, because of the army's lack of conviction in the cause for which it was driven to fight.

The appeal to America to intervene, to salvage the position, which the war plot has reached, and to protect Saddam's regime from certain collapse.

At a time in which we are confident that the people of Iraq, and their heroic army, will have the ability to triumph over their executioners at the head of the ruling regime, history's judgement must swiftly descend on those traitors, who have sold out the case and the nation.

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CSO: 4802

SYRIAN MUSLIM BROTHERHOOD ACTIVITIES DISCUSSED

LD120931 London AL-DUSTUR in Arabic 2-8 Feb 81 pp 17, 18

[Article by Mundhir Kubaysi: "Syrian Muslim Brotherhood's Memorandum to Islamic Summit"]

[Excerpts] Eighteen months after the outbreak of the declared war between the Syrian regime and the "Muslim Brotherhood" Western journalists have received through their embassies important reports indicating that the "armed struggle" stage is coming to an end because the Brotherhood believes that the Damascus regime has been sufficiently exhausted in the past 2 years, 1979 and 1980, and that the time has come to take another step forward in order to put an end to bloodshed and destruction as victory seems to be approaching.

According to these reports 1981 will be the year marking the end of the Damascus regime. The reports also say that the Muslim Brotherhood members in their hideouts and dens in Syria are studying a serious document entitled "Objectives of the Islamic Revolution in Syria" calling for the establishment of a new government that would replace not [Prime Minister] Dr 'Abd al-Ra'uf al-Kasm's government but the "ruling regime" from its very foundations.

The reports say that 'Adnan Sa'd al-Din, who joined the Brotherhood in 1943 and is one of the "extraterritorial" officials in charge of organizing assassination operations in Syria and one of the Brotherhood's leaders since 1975, was one of the three people who drafted the "document." Sa'd al-Din is now touring Europe in order to explain to the Western world the "ideology" for which the Muslim Brotherhood is fighting.

The reports also refer to Sa'd al-Din's hints about "the promised day" which has been delayed because of the declaration of the document and because of the formation of an Islamic Front [presumably in Syria]. Both these things were completed 3 months ago. The reports quote Sa'd al-Din as saying: "It is not necessary for the people to shed their blood before the foundations of the substitute regime for which we are working are laid."

If Sa'd al-Din is right and his predictions and hopes come true, the Syrian scene will witness in the next few months the emergence of "terrorists," as the Western media would call them, or "Mujahidin," as the Muslim Brotherhood call them, from their underground hideouts in order to launch

what Sa'd al-Din describes as an open revolution under the sun that would bring down the ruling regime and lead to the establishment of a provisional government for 3 months to be followed by free elections in which the Muslim Brotherhood, within the "Muslim front" which they have organized and established, would take part.

Who helps these people?

'Adnan Sa'd al-Din, according to reports, says that his Mujahidin are helped by "every Muslim brother" in the Arab countries. As for the governments, he emphasizes, we have nothing to do with them.

Regarding their "armed struggle," the Muslim Brotherhood sent a long memorandum to the Islamic summit explaining their cause. The conference secretariat declined to receive the memorandum officially. However, some of its copies found their way to "certain" kings, presidents and leaders who discussed it "secretly" and talked about its details "in whispers" so as not to create embarrassment. The memorandum to the Islamic summit stating the principal objectives and ideas of the "Muslim Brotherhood" says the idea is not to emulate Ayatollah Khomeyni's Islamic revolution in Iran in its centering on the spiritual father, the symbol; rather the idea calls for the establishment of fully democratic institutions.

CSO: 4802

AGRICULTURAL, SOCIAL DEVELOPMENT IN EUPHRATES BASIN

Damascus TISHRIN in Arabic 9 Jan 81 p 4

[Article by Hisham Bashir: "What About Agricultural and Social Development in the Euphrates Basin Projects?"]

[Text] If the building of the Euphrates dam has direct consequences, represented by escape from the river's dangers and stopping its annual flooding, and the resulting catastrophes which put an end to agricultural and livestock production in the Euphrates region, and if one of the direct results is the generation of vast amounts of electricity for the countryside and the cities, and to supply the nation's factories, then there are also indirect consequcences. To be more correct, they require effort and money, over the long-term, to appear, crystallize and reflect on the national economy generally, and on the citizenry and economy in the eastern province specifically.

These relatively long-term consequences are represented by land reclamation, changing it from arable land dependent on rainfall, into new land, by continuous and advanced irrigation systems, using water from Lake al-Asad, which extends 80 km behind the Euphrates dam. Reclaiming the land does not only mean adding more irrigated arable land to what is available now in the country, and the stability that means for agricultural production and development, but rather, and this is important, it means the creation of new communities in the Euphrates basin, which will be governed by social, productive, socialist and progressive relations. Social changes will be aimed at man in those regions, in order to make them work for his stability, and so that he can take part in achieving true social and economic growth.

Land reclamation in the Euphrates basin means the opening up of hundreds of thousands of kilometers of main and subsidiary irrigation canals, lined with concrete, and similar irrigation water drainage ditches. This is apart from the work of levelling the land, and the construction of new villages, supplied with all utilities and basic services, such as housing, health, education, etc.

The reclamation work has begun. It extends over vast distances, including the land in the Euphrates basin, from Aleppo in the west, as far as the desert in the east, north to Tel 'Abaydh on the Turkish border, and to al-Bukamal on the Syrian-Iraqi border. Work began on this reclamation project in the beginning of the 1970's, and still continues.

So far, the pilot project has been completed, north of al-Raqqah, whose area encompasses about 20,000 hectares, and includes 15 model villages, with houses, utilitieis, and public services. New land has also been put under cultivation in an inhabited area parallel to Lake al-Asad. This is in addition to a relatively limited area in the middle Euphrates basin. Furthermore, work is continuing to reclaim new land in lower Euphrates projects, and to complete what is left to do in the middle Euphrates region.

Regarding the pilot project, which was the first reclamation project in the Euphrates basin, the economic and social goals of land reclamation were kept in mind in its design. There were modern canals and ditches, and new villages, in which schools, health centers, social and cultural centers, consumer markets, and everything that a newly-constructed village might need, are available. In these new villages, social work is practiced with the farmers, in order to create a deliberate change in their values, directions, and lives, whether that be through courses to wipe out illiteracy, in needlework, sewing and tricot, or through health and social consciousness study groups, and even agricultural instruction groups.

I will not say that everything is as it should be in this project. Some gaps appeared after its implementation, represented by the breakdown of some canals, due to the project's gypsum dirt. Also, the earth's water level was raised in certain of its sections. Aside from that, the social work with the inhabitants has proceeded slowly, because of a scarcity of capabilities and a shortfall in social specialists. However, despite all that, matters were acceptable in the pilot project, as well as encouraging, because of the continuity and supervision of the organizations that carried out this project's implementation (the Euphrates Basin Exploitation Agency) and which had the mechanical and material capabilities and the technical ability to solve problems stemming from the exploitation, whether they were engineering, agricultural or social problems. The agency continues to supervise the reclamation project's implementation in areas that have been reclaimed, and where agriculture has begun. This is natural and customary in every country of the world, and continues for several years following reclamation. This is what is called "in a recultivation stage," during which irrigation canals and ditches are tested and problems solved that stem from new agricultural exploitation of this land. The implementing organization only leaves these projects at the end of the recultivation stage, when the new land will have reached an economically productive state, all the problems overcome, and the economic and social life in the communities of these new projects been stabilized.

The question now is: If the Euphrates basin agency continues to bear responsibility in the pilot project area, does it continue to bear this responsibility in the new land reclamation projects, and does it continue to bear its responsibilities to develop the new communities in the Euphrates basin?

New land, other than the pilot project, was reclaimed with expenditures reaching several hundreds of millions, and has begun to be agriculturally exploited. Its former owners have been returned, and its development and exploitation put on their shoulders, without any intervention by this agency, to achieve the economic and social goals of land reclamation and to create the new communities. New lands will

soon be sown and will receive the same treatment. Why did this agency shirk much of its responsibilities in regard to supervising the new reclamation areas? What are the negative consequences, which have or might stem from this neglect? This is what we will try to examine through this investigation.

Middle Euphrates Project

This is one of the land reclamation projects in the Euphrates basin. It is located on both banks of the Euphrates river, extending for a distance of 50 kms on the left bank, and about 70 kms on the right bank. The Romanian Company, "ROMAGRIMICUS", did the reclamation work.

This region's land is not new to agricultural use. It was cultivated before reclamation and was irrigated by pumps from the Euphrates, and by other primitive means. However, the lack of ditches for additional irrigational water led to the deterioration and salinization of a large portion of the soil, and the lowering of its productivity.

Therefore, the land reclamation operations were not only aimed at increasing the irrigated areas, but were principally intended to improve the means of irrigation and drainage, through a network of canals, ditches and roads, and the use of a slow method or irrigation. This was aside from developing the human element, introducing modern agricultural methods, pursuing agricultural courses, developing suitable crops, and complimentary services to assist the guarantee of the largest production returns. This means raising the production of one hectare to not less than four tons of cotton, five tons of wheat, and so forth. At the same time, it was also aimed at adding about 7000 new hectares of irrigated land to this region, so that its total area would be approximately 27,000 hectares.

What About the Middle Euphrates Inhabitants!

Results of the latest social study, done in 1976, indicate that the population of the middle Euphrates region numbers about 52,000, comprising 7700 families, living in 45 villages, spread out along both banks of the Euphrates river. The majority of them work in agriculture, which, before reclamation, was limited principally to cotton and wheat.

This study also refers to the wide-spread illiteracy, which goes as high as 59 percent among individuals who are over 10 years old. Most of the dwellings in this area are composed of one or two rooms, and are made of clay and wood. Moreover, basic amenities, such as a kitchen, bath, running water, etc., are lacking. Villages also lack basic services, such as schools, health centers, electricity, drinking water, etc.

Has Completion of Land Reclamation Been Postponed?

According to the contract concluded with the Romanian company, "ROMAGRIMICUS", work began in the middle of 1976. Reclamation of the project's full 27,000 hectares was to be completed by the end of 1979. According to a time schedule, a defined area was to be reclaimed each year, and placed under agricultural development. However, so far not more than 10,000 hectares have been completed, one-third

of that in 1978, and the rest is currently being taken over by the Euphrates basin agency.

We shall not discuss this delay in completion, nor the completion date for the project's remaining reclamation. But we will talk about the fate of the land which was reclaimed, redistributed, and recultivated, and what it currently suffers from, through a series of meetings which we held in the villages of this region.

Land Reclaimed and Owners Returned, But!

An area of 3400 hectares of this project was completed in 1978. It contains three villages on the left bank of the Euphrates, al-Salhabiyah, al-Khatuniyah and al-Khiyalah. In accordance with decisions of the political leadership about the form of the reclaimed land's use, they stated: cooperative associations, on land owned by individuals and production associations; state farms on land of which ownership reverts to the state. The reclaimed land in the three villages was redistributed to their original owners, provided that they organize into cooperative farming associations.

These associations were in fact formed, and directed the cultivation of their new land. Problems began to appear and reflected upon the cooperative work, production, and the future of the reclaimed land!

We grasped a part of the story through a meeting with some of the cooperative association farmers in the village of al-Salhabiyah. We report what they said, and what the head of the association, Brother Muhammad al-'Ali al-Khalif, said.

What Do the Farmers of al-Salhabiyah Say?

The farmers of al-Salhabiyah say: "The reclamation work was no good. The high cost of reclamation, which we are paying in part, should mean very good reclamation for us! But professional leveling of the land is almost nonexistent. The sides of the ditches are currently collapsing; they are impassible and filled with weeds and reeds. The agricultural roads have not been finished, despite their being on the plans to implement the project.

40 Distributors of Irrigation Water

"The drawing out of irrigation water must be done within the regulations and schedule prepared by the Euphrates agency, and under its direct supervision. The agency appointed 40 workers in the three associations to distribute the irrigation water, but they do not carry out their duties, since their job is confined to the canal gates located on the main canals. After the main canals have begun, there is no control over the canals!"

Every Farmer Takes Water As He Pleases

This is what the head of the association said, and he added: "Some land does not receive water, since five farmers have not received water on their land. The Euphrates river destroyed the irrigation works of 14 farmers, and they have not yet been repaied. So we have to use pumps to bring the water to their land!

"The irrigation distributors do not work; so, many fights almost break out among the farmers over the rotation of irrigation, and the amount of water allotted to each farmer. These problems were only solved after we, as an association, appointed two of the workers to reorganize the irrigation operation and rotation."

Agricultural Holdings Are Again Fragmenting

Land in these three villages has been redistributed on the basis of agricultural accumulation, since the association's land was divided into large slices, according to the crop rotation, which was: 33 percent cotton, 33 percent wheat, and 33 percent sugar beets. Those who owned more than three hectares were given land in three sections, distributed in three slices of land. Those who owned less than three hectares were given one section of land.

Adhering to crop rotation, with the agency's lack of direct supervision, caused some problems. The head of the association talked about them: "Applying crop rotation to the small holdings, without agricultural accumulation, causes the cultivation of a specific crop, in accordance with its ration in the crop rotation, to be uneconomical. Those who own 14 dunums must plant three dunums of sugar beets. The economics of a three dunum crop, and what it means in terms of planting, harvesting, shipping, etc.,..."

Who is the farmer who would deal with three dunums. The association's chief recommends excu ng the owners of small plots from the commitment to crop rotation.

When the ratio of sugar beets went down to 20 percent from 33 percent last year (this year it is less than 20 percent), vacant areas developed in the slices of land allocated for beets, which led to distortion of the large fields. One field could contain cotton, wheat, beets and greens. As a consequence of that, all irrigation canals had to be operated, in order to reach all fields, summer and winter.

The Engineer Constantly on Sick Leave, and the Car Out of Action!

The head of al-Salhabiyah's association says: The Euphrates agency assigned one agricultural engineer, an assistant engineer, two agricultural supervisors and one car to our association. All of them, except the engineer, were from the village.

"The engineer arrived, and after a few days, suffered a fractured skull. He was granted 6 months leave. His period of recuperation is over, but we have not yet seen him, nor has a replacement been sent.

"The assistant engineer and the two agricultural supervisors differed with the engineer over the use of the car. Despite the fact that they were from our village, they refused to go to the fields without the car. At the same time, they used the pretext that the daily fuel allowance for their car was the equivalent of 50 kms. This distance means their coming from al-Raqqah only, and consequently, there would be no "gasoline for the return trip."

No Professional Supervision, Nor Anyone Who Cared!

He added: "Before reclamation, there was an agricultural supervisor for each three or four associations. He attended our meetings, and gave us guidance about times to plant and irrigate, and disease conditions. He was completely involved in our affairs, our plans, our tractors, etc.

"Now we have an engineer, an assistant engineer, and two agricultural supervisors, but they neither supervise nor give a damn! When we discuss this with them, they tell us: 'We are "afraid" of the basin. These are our cars. If you pay our salary, then be good enough to take it away from us!'

"We sent a letter to the Euphrates agency, in which we told them: 'If their salaries are being charged as expenses against us, please take these people back to your agency.' Then we went, along with the chief of the al-Raqqah farmers' federation, to see the agency's director general. We explained the situation to him, and he promised us that he would change them, but that has not happened!"

What About Agricultural Machinery

The farmers of al-Salhabiyah say: "The large owners have their own tractors. As for the small owners and those who are being helped by agricultural reform, the association should invest in machinery for their benefit. Since the association has no machines of its own, we suffer from tractor-owners who do not want to work the small fields!

"When the three associations were formed, we were promised machinery worth 1,300,000 Syrian pounds, but so far none of this had happened."

What Does the Leadership of the Farmers' Organization in al-Raqqah Say!

A few days ago, I took these opinions about the use of reclaimed land in the middle Euphrates basin, which resulted from my meetings with the farmers of al-Salhabiyah, nearly 2 months ago, to the farmers' organization leadership in al-Raqqah. I had a talk with Lt Gen Taleb al-Jasem, chief of the farmers' office in the Party's branch, and with brother Muhaymid al-Khalaf, chief of the al-Raqqah farmers' federation. Let us read together what went on: Brother Muhaymid al-Khalaf said: "We took over 3400 hectares of middle Euphrates land in 1978. A meeting was held, attended by representatives from the national farmers' office, the leadership of the party branch office in al-Raqqah, the farmers' federation and the Euphrates basin agency. In this meeting, we discussed how to exploit this land through the three associations. In fact, a committee was formed to redistribute the land to its previous owners, and we assigned full responsibility to these associations."

Our Responsibilities: Cultivate the Land and Organize the Associations

"Responsibility was assigned to the farmers' federation to ensure the cultivation of these associations' land, in addition to forming the associations and organizational supervision over them. As for the Euphrates agency's responsibility, it was established as providing a professional cadre for each association, as well as providing irrigation water, maintenance of canals and ditches, and all

requirements to enable these associations to have liquidity, profits, and the material and technical capability to develop themselves and stand on their own feet.

"If fact, we did form the associations and their boards of directors. We gave them a loan from the federation's funds to cultivate their land, and we got it back from them the same year, since these associations were profitable from the start."

Professional Supervision Was in Fact Miserable!

As regards the al-Salhabiyah farmers' statements about problems, the head of the al-Raqqah farmers' federation said: "This is correct. The actual professional supervision was wretched! The engineers and technical cadre were attached to us, as a federation. A canal would break down, for instance. They wouldn't go to the agency, but rather, they would come to make demands of us! We, as a federation, would resort to the party's branch leadership and to the agency. We would keep rushing around from place to place, until we achieved the request, but after it was too late, sometimes. As an example. The canal that irrigates the village of al-Khiyalah broke down in 1979. Through our follow-up, the agency and the Romanian company removed the canal completely, since the soil was 90 percent gypsum, and water leaked from all sides. A new canal was built, but that took a full month, which affected summer production, because the earth was not watered for a month."

Repairs at Farmers' Expense!

The chief of the al-Raqqah farmers' federation added: "When we took over the land, there were many flaws in the reclamation. We are not technicians, but we asked the technicians for help. They told us: 'This land was elevated and that was lower. We have fixed it, at the farmers' expense.'

"Last year, there were subsidiary canals lower than the earth level. They irrigate 700 hectares, which forced us to install pumps to get the water to the land.

"In cleaning the ditches and their maintenance, we resort to the agency and the Romanian company. Regarding the Euphrates agency, if they had machines, which they were to give to us, and if there was work for their machines on their own projects, they would prefer their machines to work there!"

Farmers' Federation Capabilities Would Not Permit Assumption of Such Responsibilities!

As for Lt Gen Taleb al-Jasem, chief of the national farmers' office in al-Raqqah province, he feels that we must not just think of solving the three associations' problems only. They only encompass 3400 of the original 27,000 hectares, which will shortly come into use in the middle Euphrates basin. The solution must encompass the project as a whole. He says: "The farmers' federation is incapable of technical and administrative supervision, and of providing machinery, for the present 3400 hectares. What will the situation be, when the entire project area is completed? The farmers' federation, in its present situation, is not yet

materially, humanly, and technically organized to assume responsibility for such a large undertaking. The project is big. The canal which breaks down needs machines for its repair. The ditch that fills up with weeds needs to be cleaned with complicated machines. The farmers' federation does not own these machines, nor does it have the technical expertise of people qualified to work on them."

The Solution: A Specialized Directorate Responsible for the Middle Euphrates

"Continuation of farmers' federation responsibility for the reclaimed land will have unsatisfactory results, so long as it does not have the capabilities to bear it. Therefore, I propose, as a solution (the words are Lt Gen al-Jasem's) the creation of a specialized directorate in the Euphrates basin agency, which will be responsible for agricultural development in the middle Euphrates project, as was the solution with respect to the pilot project."

Lt Gen al-Jasem went on to say: "This directorate will assume technical and administrative supervision over the new land and its use. It will provide a pool of agricultural machinery for use within this region. It will repair the canals., clean the ditches, provide irrigation water, put an end to any salinity or a rise in the earth's water level before its cultivation. The farmers' federation will be left with production and union supervision, through the new cooperative farmers' associations, so that the farmers' federation can strengthen its capabilities."

A Specialized Authority and Complete Capabilities

Brother Muhaymid al-Khalaf, chief of the al-Raqqah farmers' federation, also thinks that the solution is to create this directorate. "We as farmers pay part of the reclamation cost and annual irrigation fees to the agency. Therefore, there should be capabilities coming directly to the associations in the reclaimed areas of the middle Euphrates basin. These capabilities should be provided by a specific authority in the agency. Then, when we know the responsible authority, we won't have to bother officials to go to the director general's assistants in this agency and solve problems through pleading. A specialized directorate in the Euphrates agency is the solution, and the needs and means of production must be available within it."

He added: "If the situation continues as it is now, work on the rest of the project and its agricultural development will be subjected to many problems, which will reflect on production as a whole."

What About Social Work and the Creation of New Societies!

If these are some of the problems of agricultural development in the newly reclaimed areas along the waters of the Euphrates dam, and for which solutions may be and will be found, what about the most important goal of constructing the dam and reclaiming the land? What about the social goal, which is no less important than the economic goal, the effort to create the new society and the new man, through developing new social relationships to replace the old obsolete relationships?

What about the growth of the human element in the new areas, which is considered basic for development, progress and production? The answer to all these questions

is that everything planned for in the way of social change in the new areas, with the exception of the pilot project, has not yet emerged beyond the study stage to the realm of reality. These studies say, for instance, that it is necessary to create 45 social units in the middle Euphrates region; that it is necessary to reorganize villages, bring improvements to them and expand them; that it is necessary to provide a large cadre of social specialists, courses to erradicate illiteracy, and consciousness groups. However, despite the fact that the land reclamation is almost complete, none of the work of the social nature has as yet been initiated.

We will not say, why not? Who is responsible? No, because time has not yet run out, and because we expect swift actions to be taken in this direction! Everyone knows that 5 percent of the millions spent on reclamation has been allocated for the betterment of man in the new areas and for social work. That is a guarantee that whatever we have spent on this land, or rather by multiplying it in terms of profits, will reflect on the economy and well being of the country as a whole.

7005
CSO: 4802

REASONS FOR COTTON PRODUCTION DECLINE DISCUSSED

Damascus AL-THAWRAH in Arabic 6 Jan 81 p 4

[Article by Rif'at Mithla: "The Cotton Crop, Why Has It Become a Loser? Cotton Production Declined from 394,893 Tons in 1978 to 379,992 Tons in 1979"]

[Text] Cotton occupies an important place on the list of agricultural crops, upon which Syria's economy depends. Therefore, the government has placed great importance on its planning for this crop, by virtue of the fact that it figures in many industries. Moreover, exported ginned cotton provides the country's requirements for hard currency. Since ancient times, our farmer has considered cotton to be one of the principal agricultural crops, because it gave him ample material income.

Along with cultural development, the economic importance of industrializing agricultural products appeared. They were changed from raw materials into manufactured goods. This achieves the following main goals:

* Satisfying domestic consumer needs.
* Encouraging agricultural production of internal agricultural products for industrialization.
* Increasing the value of agricultural products have having been industrialized.

On the basis of this importance, cotton cultivation has been done in accordance with an annual plan, which requires the cultivation of acreage distributed throughout the country. In addition, production was increased through modern, agricultural methods, and the introduction of excellent seed types.

The Cotton Crop in Past Years

Cotton, unlike other crops, is subject to reversals every year. As a result, the acreage becomes less, and the yield from one dunum declines. There are many reasons for that, some of them attributable to the nature and conditions of agricultural work, in which the farmer lives. Some others are attributable to inadequate returns from farming, with the efforts expended, in comparison with returns from any other job. However, the most important reason is that a firm relationship, based on trust, has not been forged with the farmers, beginning in the field and ending with delivery of the crop's value. This does not mean that the cotton crop has begun to lose its importance; on the contrary, the need for it has increased with the passage

of time, in view of increased consumption and developments in agricultural industrialization. Syria is considered one of the cotton producing and exporting nations. In the 1978-79 season, the production of raw cotton totaled 379,922 tons, compared to 394,893 tons in 1977-78. Total cultivated acreage in 1978-79 amounted to 169,145 hectares, compared to 186,507 hectares in 1977-78. Despite the decline in acreage in 1978-79, that season's yield rose to 2246 kg per hectare, compared with 2117 kg per hectare in the previous season. Al-Hasakah province ranked first in terms of production for 1978-79; Hamah and al-Ghab province ranked first in terms of yield.

Cotton Exports

Exports of ginned cotton amounted to 113,394 tons in the 1978-79 season, compared to 118,142 tons in 1977-78. Therefore, the country is still dependent on cotton, whether in respect to production or export, despite the decline in acreage and production year after year. There are several reasons for this; most importantly, that disproportion exists between costs and returns.

The Cotton Crop in Homs

The province of Homs was famous for its cotton crop, apart from the other agricultural crops, such as sugar beets and grain. The province's cotton production, in one year, amounted to 18,000 tons. However, this production began to gradually decline. The cultivated acreage became smaller, due to unsuitable climatic conditions, as is the case in the area of al-Qusary and al-Kalakh, on the one hand, and the farmers' tendency to cultivate crops which require less effort and yield more profit, on the other. The evidence for that can be seen through the following table:

Season	Acreage Cultivated in Hectares	Raw Cotton Production in Tons
1976-77	4795	8893
1977-78	4702	8626
1978-79	4519	9488
1979-80	3251	7883

Thus we see that cotton acreage in four seasons has shrunk, year after year, and production declined. The acreage to be cultivated in 1980-81, according to the plan, amounts to 48,000 dunums on irrigated land, and 313,000 dunums on unirrigated land. It is believed that not all of this acreage will have been planted, as is established in each year's plan, since many farmers are not obligated to cultivate the acreage called for. Despite this, the responsible authorities give the farmers all the facilities and every encouragement to plant cotton, and the farmer complains about the meager returns from cotton, compared with the return from other crops, such as beans and yams.

Concerns About the Cotton Crop

Cotton, unlike other crops, has concerns and problems with respect to the farmer, whether in cultivation or in delivery, because in these two cases, effort and expense are required. If we wish to look at the matter from all aspects, we must discuss the delivery of production, and the farmers' concerns, through the following meetings:

At the Al-Walid Cotton Gin, the Question of Marketing Cotton

In order to learn the ways and means of delivering cotton to the gin, we met with Munir Buzhah, who told us: "Every year, the cotton gin receives the farmers' cotton production, in accordance with a plan, which sets the amount they are obliged to deliver each day. This plan is drawn up after the province's cotton production is known, along with the gin's capacity to receive and store. This season, the delivery of cotton began at the beginning of the 10th month. The gin receives about 160 tons a day. The farmers market their crop at the gin, either individually or through the cooperative market, in accordance with a worksheet, which sets the quantity that must be delivered.

"Delivery takes place after 0700 and continues to the end of official business hours. In the event of pressure, delivery will begin at 0600. The official takes the worksheets from the producer, in order to organize entry times, according to when they arrived. Priority is given to faraway areas. After the cotton enters the gin, qualified agricultural engineers--the separators--determine the specifications and set the appropriate price. Then the porters, there are 15 of them, do the loading. The gin must pay the costs of this operation, beginning this season, whereas the farmer paid for it previously. In the event a farmer feels mistreated, with respect to determining specifications, he has the right to protest immediately. Another committee will review the matter and set correct specifications. The farmer's crop is insured against fire, from the time it is loaded on the means of transportation until delivery. As for other insurable matters, loss from them is borne by the farmer."

Farmers and Cotton Income

We should certainly find out the farmers' viewpoints of the marketing process particularly, and about the cotton crop in general.

* Farmer Najib al-Hajj - al-Ghantu:
"Cotton is an excellent crop. Therefore, I have worked with it for 23 years. However, as time went by, it became a losing crop, because of the rising costs of cultivation, and because it ties up land for a long time. So this season, I have only planted 30 dunums. In my opinion, the current season's crop was small, as a result of inadequate fertilization, due to its high price, which burdens the farmer's wallet.

"As regards marketing, I used to deliver my crop to al-Walid cotton gin, but it takes a long time for the farmer to receive his money for the cotton, because the agricultural bank delays so long in paying us."

* 'Abd al-Rahman 'Alush - Talbisah:
"I have been a farmer for a long time. I have a lot of land, so I used to plant 200 dunums in cotton. Three years ago, I cut the acreage down to only 10 [sic] dunums, because the crop's value is not worth the costs involved. In last year's season, my income from 100 dunums was about 10,000 Syrian pounds, that is, one dunum yielded only 100 pounts for 8 months. In order to make the crop profitable and the farmer willing to grow it, the selling price per kilo should be no less than three pounds, provided that the costs of fertilizers and other necessary items are not raised."

Thus we see that farmers' concerns are the same, from the start of planting to the marketing of their crop. The question remains: How can their concerns be dealt with, and the cultivation of cotton be encouraged in our country?

7005
CSO: 4802

BRIEFS

GAS PROSPECTING--A draft agreement was signed at the National Economy Ministry yesterday morning by the Tunisian state, the ELF-Aquitaine group and the Arab company for oil investments (APICORP), an OAPEC subsidiary, for the creation of a prospecting company which is to make a survey of Tunisian off-shore gas deposits and determine conditions for their exploitation. National Economy Minister Abdelaziz Lasram emphasized Tunisia's desire to mobilize all its energy resources in the service of the economy and stressed the special importance attached in this sphere to tripartite cooperation. The agreement's signatories paid tribute to the openmindedness shown by the Tunisian authorities. Mr Sadok Rabah was appointed head of the new company. Mr Rabah is chief engineer to STEG [expansion unknown, possibly, Tunisian company for gas exploitation] and a graduate of the Paris Polytechnical School and the Hither Institute of Statistics. [Text] [LD190833 Tunis L'ACTION in French 12 Feb 81 p 4]

CSO: 4400

LAND PRICES, RENT INCREASE AFTER OIL FIND

London 8 DAYS in English 7 Feb 81 p 37

[Article by Pam Callaghan]

[Text]

PAM CALLAGHAN, our UAE correspondent, reports that the value of land in Sharjah is rising and the market active again, a development prompted by the government's recent announcement that oil has been found in the area. She also details plans to introduce new cut-price air fares, in an attempt to attract tourists to Sharjah.

LAND IN SHARJAH has risen in value — by 20 per cent according to some estimates — since the announcement, on 7 December, of the oil find there. Relwani estate agents in Sharjah told *8 Days* that the sluggish land market was now beginning to move again. Most of the buyers are from Saudi Arabia and Kuwait, looking for residential and commercial property.

Prices vary from UAE dirhams 5,400-7,500 ($1,500-$2,000) per square metre in the prime commercial area of Al Orouba Road to UAE dir650-800 ($175-$225) per square metre along the beaches. Less desirable plots, which were not moving at all before December, are now selling for UAE dir160 ($45) per square metre.

However, these are still below prices during the boom of 1976, before the slump. At their highest, prices were approximately double present levels. Nevertheless, land deals in the past month as recorded by the Real Estate Registration Department ran to several billion dirhams. Land in Sharjah is also distributed by the municipality at fixed rates. It can be owned by Arab nationals and is not restricted to UAE ownership as is the case in Abu Dhabi and Dubai.

Rents are also rising, although they are still low, in some cases about a fifth of the prices paid in Abu Dhabi. Sharjah is the only emirate with a tenancy law, under which tenants can seek protection. Whether they gain protection, however, depends on whether they have registered their agreements with the municipality, and apparently only about half of them have. Tim Smee of chartered surveyors Cluttons told *8 Days*: 'In our experience rents have not gone up substantially.'

CSO: 4820

LOW AIR FARES INTRODUCED TO AL-SHARIQAH

London 8 DAYS in English 7 Feb 81 p 37

[Text] SHARJAH's Civil Aviation Authority is planning to introduce cut-price fares and charters to attract people to the emirate. The director of civil aviation in Sharjah, Mohammed al Hijri, told *8 Days*: 'We have an 'open sky' policy in Sharjah. As there is no national carrier in the UAE, each airport controls its own policy.'

Sharjah has agreed to allow Laker Airways to stop in Sharjah. This month the airline will hear whether it has won a route to Australia, and in March a route to Hong Kong, which could mean that airfares to Sharjah would be reduced by up to two-thirds. In a charter arrangement with German travel agents, the price of a return ticket from Munich to Sharjah has been substantially reduced

The normal price of a Gulf Air return fare from Sharjah to London is UAE dirhams 6,400 ($1,750) and UAE dir4,234 ($1,150) for an excursion fare, for a stay of over ten days and less than a month. However, the Sharjah authorities have given landing rights to the CAAC (Civil Aviation Administration of China) which offers, through Barbana Travel in Sharjah, a return fare to London of UAE dir2,600 ($700). A Barbana travel agent told *8 Days*: 'Ninety-nine per cent of people on these flights are European expatriates, and they are picking up a good load. There are plans to arrange cheap accommodation, as many people travel from Abu Dhabi for the flight which leaves once a week at 5.50a.m. on Sunday.'

However, Ali Khalfan, chairman of civil aviation in Abu Dhabi and a member of Gulf Air's executive committee, told *8 Days*: 'Laker will not be given permission to land in Abu Dhabi. Sharjah is a special case and makes its own policy. Cut-price fares to Abu Dhabi would make competition very hard. It would cut down routes and the number of scheduled flights by other major airlines.'

Yousif Shirawi, chairman of Gulf Air's executive committee based in Bahrain, said: 'Cut-price fares could put Arab airlines out of business. The Gulf is neither geared to, nor suitable for, a massive tourist industry that will pack planes to the doors.'

CSO: 4820

BRIEFS

SOUTH KOREAN TANKER CONTRACT--The Abu Dhabi National Tankers Company (ADNATCO) has signed contracts for three refined products tankers to be built by South Korea, the official UAE news agency reported recently. The order for one 56,000-ton tanker and two 35,000-tonners came only shortly after ADNATCO, a subsidiary of the Abu Dhabi National Oil Company, placed orders for three 27,500-ton refined products carriers with the Chantiers de l'Atlantique in France (AN-NAHAR ARAB REPORT & MEMO, January 19). The report did not name the Korean firm but said that the vessels will be built at Pusan. Nor did it disclose the price. The latest contract will bring Abu Dhabi's tanker fleet to six vessels in mid-1983, the scheduled delivery date for the Korean-built tankers. ADNOC's Chairman Sheikh Tahnoun bin Mohamed, who signed the contract with the Koreans, said the new fleet of tankers will enable Abu Dhabi to export refined products in its own ships. Abu Dhabi is due to become an exporter of refined products later this year when the Ruwais refinery comes on stream with an initial throughput of 100,000 b/d. This capacity is to be raised to 300,000 b/d by the end of 1983. [Text] [Paris AN-NAHAR ARAB REPORT & MEMO in English 6 Feb 81 p 11]

AL-FUJAYRAH SEA WALL--The northern Emirate of Fujeirah is to build a protective sea wall which will have the double function of keeping sea waters from eroding the shore and providing a small harbour to fishermen. To be completed in about one year, the 8-kilometre wall will be constructed by Costain International at a cost of $10 million. From the five-metre high wall, a stretch of 15 metres of rock will extend into the sea, with a special plastic underlayer, designed to trap sand from incoming waves. With time, these deposits will form a beach, according to an official of the Ministry of Public Works, which is undertaking the project. The wall will be designed in such a way as to provide fishermen with unloading and transport facilities. [Text] [Paris AN-NAHAR ARAB REPORT & MEMO in English 6 Feb 81 p 7]

CSO: 4820

COMMUNIQUE DEPLORES U.S. ARMS DELIVERIES TO MOROCCO

LD141418 Algiers APS in English 1132 GMT 14 Feb 81

[Text] SDAR (Liberated Territories), 14 Feb (APS)--"U.S.A., thus support a process of destabilizing the continent" a communique of the Saharan Ministry of Information says about the U.S. armed deliveries to Morocco.

The communique issued Wednesday declares that "the Western-Saharan problem is incontentably a problem of decolonization, as confirmed by all international instances."

"U.N., OAU and the non-aligned movement never stopped reaffirming legitimacy of the Saharan people's struggle under leadership of Polisario, for independence and demanded the immediate withdrawal of Moroccan troops."

"The Moroccan army has put on flight, and in (?fear) of this situation, King Hassan II tried to gain time, for receiving the necessary arms to his colonial deed. This is the real plan of King Hassan: It is the war like escalation in Africa," the communique indicates.

The communique stressed surprise of the observers concerning Hassan's stubborness to carry on this war doomed to fail, and declares the only answer is U.S.A.'s promises to supply Morocco with sophisticated arms."

"The U.S. decision to deliver these arms leads to legitimate concern, because it supports a colonial conflict which needs an immediate solution. The U.S.A. normally should work for a peaceful solution, conformingly to international instances' resolutions," the Saharan communique adds.

"These arms sales show deliberate willingness to prolong the conflict and are a dire intervention. The U.S.A., thus support the war of an expansionist country against all its neighbours, and against the Saharan people's right to self determination."

"The Saharan people, who heroically defended partition of his motherland, will never forget the dark memories of the French intervention, trying to save the then Mauritanian Ould-dada expansionist regime."

The communique emphasized motivations of King Hassan and internal political problems, saying the Saharan people don't care and sooner or later, King Hassan will

have to face reality: The Saharan Democratic Arab Republic (SDAR) is an irreversible reality and the Moroccan people know it is King Hassan's war and not his."

"It is obvious this armament doesn't aim at liberating el-Quds. The Moroccan people and army are aware of it."

"History will prove that carrying on this war won't save the king, because only withdrawal of his troops from Western-Sahara will give him opportunity to look after Morocco's development."

CSO: 4420

BRIEFS

STATEMENT ON MOROCCAN LOSSES--In a statement by the Saharan Democratic Arab Republic Information Ministry, it is stated that units of the Saharan forces inflicted considerable losses on the Royalist Moroccan forces following an extensive operation carried out on 5 February at Ras al-Khanfarah. The ministry said in this connection that during this broad attack on Ras al-Khanfarah, the Saharan fighters managed to capture the lines of defense of the Moroccan forces. These forces withdrew from their lines, leaving 88 dead and important quantities of military equipment, including a number of trucks of various sizes and guns of various calibers as well as heavy automatic weapons such as machineguns, mortars and 23mm launcher batteries. [Text] [LD070627 Algiers Domestic Service in Arabic 0000 GMT 7 Feb 81]

MOROCCAN CASUALTIES CLAIMED--SDAR (Liberated Territories), 8 Feb (APS)--The Saharan Popular Liberation Army (SPLA) led an attack on February 6, 1981, against the Moroccan troops in Rous Khreibichatt (Ras el Khanfra region) on the Saharan-Moroccan border, a communique of the Saharan Information Ministry declares. More than 125 monarchist troops were killed and as many wounded, the communique says. On the other hand, important military equipment was destroyed, such as lorries, mortars, canons, machine-guns, etc...[APS ellipsis]. During this operation which lasted 7 hours, several anti-tank mines exploded, causing several human and material losses among the Moroccan forces. On the other hand, SPLA shelled the Moroccan forces stationed in Bir Nzaran (Western Sahara). 10 Moroccan soldiers were killed, a stock of ammunition, lorries and canons were destroyed. [Text] [LD081654 Algiers APS in English 1600 GMT 8 Feb 81]

COMMUNIQUE ON FIGHTING--The SDAR Ministry of Information on Thursday published a communique giving an account of yet another victorious offensive carried out by the Sahraoui patriotic forces against the royal aggression forces. The communique reveals: 2 weeks before the commemoration of the fifth anniversary of the proclamation of the SDAR, our Sahraoui People's Liberation Army dealt another setback to the royal forces of aggression stationed at Ras-el-Khanfra. Thus, after fierce fighting waged at the beginning of this month, our heroic fighters on 10 February 1981 reoccupied the Ras-el-Khanfra position on the border between SDAR and Morocco and caused considerable losses in men and equipment to the enemy forces. At the end of violent fighting against the Moroccan forces, 13 enemy elements, including 1 sergeant and 3 corporals, were taken prisoner; 243 more were killed and as many were injured. A large quantity of all kinds of equipment was destroyed. [Text] [LD141616 Algiers APS in French 1300 GMT 14 Feb 81]

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9 March 1981